Books $1
302050: Home Décor-Stationary / Books
SN6005
SN500592-2
0402W0M09B99Q
F
Bargain Hunt Price $1

Bernhard Huldermann

ALBERT BALLIN

Forgotten Books

Did you know?

YOU CAN READ,
DOWNLOAD AND
PURCHASE IN PRINT

from
www.forgottenbooks.com

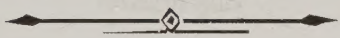
Digitized by the Internet Archive
in 2025

https://archive.org/details/isbn_9780266821311

1 MONTH OF FREE READING

at

www.ForgottenBooks.com



By purchasing this book you are eligible for one month membership to ForgottenBooks.com, giving you unlimited access to our entire collection of over 700,000 titles via our web site and mobile apps.

To claim your free month visit:

www.forgottenbooks.com/free205249

* Offer is valid for 45 days from date of purchase. Terms and conditions apply.

ISBN 978-0-266-82131-1
PIBN 10205249

This book is a reproduction of an important historical work. Forgotten Books uses state-of-the-art technology to digitally reconstruct the work, preserving the original format whilst repairing imperfections present in the aged copy. In rare cases, an imperfection in the original, such as a blemish or missing page, may be replicated in our edition. We do, however, repair the vast majority of imperfections successfully; any imperfections that remain are intentionally left to preserve the state of such historical works.

Forgotten Books is a registered trademark of FB &c Ltd.
Copyright © 2017 FB &c Ltd.
FB &c Ltd, Dalton House, 60 Windsor Avenue, London, SW19 2RR.
Company number 08720141. Registered in England and Wales.

For support please visit www.forgottenbooks.com

ALBERT BALLIN

By

Bernhard Huldermann

Translated from the German
by
W. J. EGGERS, M.A. (London)

18628
7. 1.

Cassell and Company, Limited
London, New York, Toronto and Melbourne
1922

To the Memory of

ALBERT BALLIN

in true veneration and heartfelt gratitude

"He was a man; take him for all in all,
I shall not look upon his like again."

SHAKESPEARE, *Hamlet* (*Act I, Scene 2*).

PREFACE

My principal reason for publishing the information contained in this volume is to keep alive the memory of Albert Ballin. I particularly desire to show what was his share in bringing about the economic advance of Germany during the golden age of the Empire's modern history, and to relate how he—unsuccessfully, alas!—strove to prevent the proud structure which he had helped to raise, from falling to ruin in the time of his country's distress. I believe that much that concerns the latter aspect of his work will be new to most readers. In spite of all that has been said and written concerning the political activities which Ballin displayed (and is alleged to have displayed) both before and during the war, their object—and, more important still, their intimate connexion with his economic activities—is scarcely known. Eminently successful though Ballin had been in creating an atmosphere of mutual understanding between the various nations in the economic sphere, his attempts to reconcile the contending ambitions of those same nations where politics were concerned ended in failure. And yet it is impossible to understand his failure in one respect without first understanding his success in the other; indeed, the connexion between the two sides of his work forms the key to the character of the man and to the historical significance of his achievements.

It is possible that this volume may shed some new light on the causes of Germany's collapse; this idea, at any rate, was before my mind when I decided upon

publication. Frederick the Great somewhere remarked that, to the great loss of mankind, the experiences gained by one generation are always useless to the next, and that each generation is fated to make its own mistakes. If this is true, it is nevertheless to be hoped that Germany, considering the magnitude of the disaster that has overtaken her, will not allow the spirit of resignation implied by this remark to determine her actions in the present case.

In thus submitting to the public the information contained in this book, I am carrying out the behest of the deceased, who asked me to collect his papers, and to make whatever use I thought fit of them. Moreover, the fact that I had the privilege of being his collaborator for more than ten years gives me perhaps a special right to undertake this task.

My best thanks are due to Director A. Storm for supplying me with material illustrative of Ballin's early career; to Chief Inspector Emil F. Kirchheim for assistance with the technical details, and to Professor Francke, who was on intimate terms of friendship with Ballin during a number of years, for information concerning many matters relative to Ballin's personal character.

My constant endeavour has been to describe persons and events *sine ira et studio*, and to refrain from stating as a fact anything for which no documentary evidence is available.

THE AUTHOR.

October, 1921.

CONTENTS

CHAPTER		PAGE
1.	Morris and Co.	1
2.	General Representative of the Carr Line	12
3.	Head of the Packetfahrt's Passenger Department	21
4.	The Pool	28
5.	The Morgan Trust	40
6.	The Expansion of the Hamburg-Amerika Linie	69
7.	The Technical Reorganization of the Hamburg-Amerika Linie	121
8.	Politics	131
9.	The Kaiser	193
10.	The War	213
11.	Personal Characteristics	287
	Extract annotated by William II	316
	Index	317

ALBERT BALLIN

CHAPTER I

Morris and Co.

Albert Ballin was a native of Hamburg. Before the large modern harbour basins of the city were built, practically all the vessels which frequented the port of Hamburg took up their berths along the northern shore of the Elbe close to the western part of the town. A long road, flanked on one side by houses of ancient architecture, extended—and still extends—parallel to this predecessor of the modern harbour. During its length the road goes under different names, and the house in which Ballin was born and brought up stood in that portion known as Steinhöft.

A seaport growing in importance from year to year is always a scene of busy life, and the early days which the boy Ballin spent in his father's house and its interesting surroundings near the river's edge left an indelible impression on his plastic mind.

Those were the times when the private residence and the business premises of the merchant and of the shipping man were still under the same roof; when a short walk of a few minutes enabled the shipowner to reach his vessel, and when the relations between him and the captain were still dominated by that feeling of personal friendship and personal trust the disappearance of which no man has ever more regretted than Albert

Ballin. Throughout his life he never failed to look upon as ideal that era when every detail referring to the ship and to her management was still a matter of personal concern to her owner. He traced all his later successes back to the stimulating influence of those times; and if it is remembered how enormous was then the capacity for work, and how great the love of it for its own sake, it must be admitted that this estimate was no exaggeration. True, it is beyond doubt that the everyday surroundings in which his boyhood was spent, and the impressions gained from them, powerfully influenced his imagination both as boy and growing youth. It may, however, also be regarded as certain that the element of heredity was largely instrumental in moulding his character.

Ballin belonged to an old Jewish family, members of which—as is proved by ancient tombstones and other evidence—lived at Frankfort-on-Main centuries ago. Later on we find traces of them in Paris, and still later in Central and North Germany, and in Denmark. Documents dating from the seventeenth century show that the Ballins at that time were already among the well-to-do and respected families of Hamburg and Altona. Some of the earliest members of the family that can be traced were distinguished for their learning and for the high reputation they enjoyed among their co-religionists; others, in later times, were remarkable for their artistic gifts which secured for them the favour of several Kings of France. Those branches of the family which had settled in Germany and Denmark were prominent again for their learning and also for their business-like qualities. The intelligence and the artistic imagination which characterized Albert Ballin may be said to be due to hereditary influences. His versatile mind, the infallible discernment he exercised in dealing with his fellow-men, his artistic tastes, and his high apprecia-

tion of what was beautiful—all these are qualities which may furnish the key to his successes as a man of business. His sense of beauty especially made him extremely fastidious in all that concerned his personal surroundings, and was reflected in the children of his imagination, the large and beautifully appointed passenger steamers.

Ballin always disliked publicity. When the Literary Bureau of his Company requested him to supply some personal information concerning himself, he bluntly refused to do so. Hence there are but few publications available dealing with his life and work which may claim to be called authentic. Nevertheless—or perhaps for that very reason—quite a number of legends have sprung up regarding his early years. It is related, for instance, that he received a sound business training first in his father's business and later during his stay in England. The actual facts are anything but romantic. Being the youngest of seven brothers and sisters, he was treated with especial tenderness and affection by his mother, so much so, in fact, that he grew up rather a delicate boy and was subject to all sorts of maladies and constitutional weaknesses. He was educated, as was usual at that time, at one of the private day-schools of his native city. In those days, when Hamburg did not yet possess a university of her own, and when the facilities which she provided for the intellectual needs of her citizens were deplorably inadequate for the purpose, visitors from the other parts of Germany could never understand why that section of the population which appreciated the value of a complete course of higher education—especially an education grounded on a classical foundation—was so extremely small. The average Hamburg business man certainly did not belong to that small section ; and the result was that a number of private schools sprang up which qualified their pupils for the examination entitling them to one year's—

instead of three years'—military service, and provided them with a general education which—without any reflection on their principals—it can only be said would not bear comparison with that, for instance, which was looked upon as essential by the members of the higher grades of the Prussian Civil Service. Fortunately, the last few decades have brought about a great improvement in this respect, just as they have revolutionized the average citizen's appreciation of intellectual culture and refinement.

Albert Ballin did not stand out prominently for his achievements at school, and he did not shine through his industry and application to his studies. In later life he successfully made up for the deficiencies of his school education by taking private lessons, especially in practical mathematics and English, in which language he was able to converse with remarkable fluency. His favourite pastime in his early years was music, and his performances on the 'cello, for instance, are said to have been quite excellent. None of his friends during his later years can furnish authoritative evidence on this point, as at that time he no longer had the leisure to devote himself to this hobby. Apart from music, he was a great lover of literature, especially of books on *belles lettres*, history, and politics. Thanks to his prodigious memory, he thus was able to accumulate vast stores of knowledge. During his extended travels on the business of his Company he gained a first-hand knowledge of foreign countries, and thus learned to understand the essential characteristics of foreign peoples as well as their customs and manners, which a mere study of books would never have given him. So he became indeed a man of true culture and refinement. He excelled as a speaker and as a writer; although when he occasionally helped his adopted daughter with her German composition, his work did not always meet

with the approval of the teacher, and was once even returned with the remark, " newspaper German."

In 1874, at the age of seventeen, Ballin lost his father. The business, which was carried on under the firm of Morris and Co., was an Emigration Agency, and its work consisted in booking emigrants for the transatlantic steamship lines on a commission basis. Office premises and dwelling accommodation were both—as already indicated—located in the same building, so that a sharp distinction between business matters and household affairs was often quite impossible, and the children acquired practical knowledge of everything connected with the business at an early age. This was especially so in the case of young Albert, who loved to do his home lessons in the office rooms. History does not divulge whether he did so because he was interested in the affairs of the office, or whether he obtained there some valuable assistance. The whole primitiveness of those days is illustrated by the following episode which Ballin once related to us in his own humorous way. The family possessed—a rare thing in our modern days —a treasure of a servant who, apart from doing all the hard work, was the good genius of the home, and who had grown old as the children grew up. " Augusta " had not yet read the modern books and pamphlets on women's rights, and she was content to go out once a year, when she spent the day with her people at Barmbeck, a suburb of Hamburg. One day, when the young head of Morris and Co. was discussing some important business matters with some friends in his private office, the door was suddenly thrust open, and the " treasure " appeared on the scene and said: " Adjüs ook Albert, ick gah hüt ut!" ("Good-bye, Albert, I am going out to-day!") It was the occasion of her annual holiday.

The firm of Morris and Co., of which Ballin's father had been one of the original founders in 1852, had never

been particularly successful up to the time of his death. Albert, the youngest son, who was born on August 15th, 1857, joined the business when his father died. He had then just finished his studies at school. The one partner who had remained a member of the firm after Ballin's death left in 1877, and in 1879 Albert Ballin became a partner himself. The task of providing for his widowed mother and such of his brothers and sisters as were still dependent on his help then devolved on him, and he succeeded in doing this in a very short time. He applied himself to his work with the greatest diligence, and he became a shining example to the few assistants employed by the firm. On the days of the departure of the steamers the work of the office lasted until far into the night, as was usually the case in Hamburg in former years. An incident which took place in those early days proves that the work carried on by Morris and Co. met with the approval of their employers. One day the head of one of the foreign lines for which the firm was doing business paid a personal visit to Hamburg to see what his agents were doing. On entering the office young Albert received him. He said he wanted to see Mr. Ballin, and when the youthful owner replied that he was Mr. Ballin the visitor answered: "It is not you I want to see, young man, but the head of the firm." The misunderstanding was soon cleared up, and when Ballin anxiously asked if the visitor had come to complain about anything connected with the business, the reply was given that such was by no means the case, and that the conduct of the business was considered much more satisfactory than before.

To arrive at a proper understanding of the conditions ruling in Hamburg at the end of the 'seventies, it is necessary to remember that the shipping business was still in its infancy, and that it was far from occupying the prominent position which it gained in later

years and which it has only lost again since the war. The present time, which also is characterized by the prevalence of foreign companies and foreign-owned tonnage in the shipping business of Hamburg, bears a strong likeness to that period which lies now half a century back. The " Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft," although only running a few services to North and Central America, was even then the most important shipping company domiciled in Hamburg ; but it counted for very little as an international factor, especially as it had just passed through a fierce struggle against its competitor, the Adler Line, which had greatly weakened it and had caused it to fall behind other lines with regard to the status of its ships. Of the other Hamburg lines which became important in later times, some did not then exist at all, and others were just passing through the most critical period of their infancy. The competitors of the Packetfahrt in the emigrant traffic were the North German Lloyd, of Bremen ; the Holland-America Line, of Rotterdam, and the Red Star Line, of Antwerp. Apart from the direct traffic from Hamburg to New York, there was also the so-called indirect emigrant traffic *via* England, which for the most part was in the hands of the British lines. The passengers booked by the agents of the latter were first conveyed from Hamburg to a British port, and thence, by a different boat, to the United States. It was the time before the industrialization of Germany had commenced, when there was not sufficient employment going round for the country's increasing population. The result was that large numbers of the inhabitants had to emigrate to foreign countries. That period lasted until the 'nineties, by which time the growth of industries required the services of all who could work. Simultaneously, however, with the decrease of emigration from Germany, that from Southern Europe,

Austria-Hungary, and the Slavonic countries was assuming huge proportions, although the beginnings of this latter were already quite noticeable in the 'seventies and 'eighties. This foreign emigrant traffic was the mainstay of the business carried on by the emigration agencies of the type of Morris and Co., whereas the German emigrants formed the backbone of the business on which the German steamship lines relied for their passenger traffic. Either the companies themselves or their agencies were in possession of the necessary Government licences entitling them to carry on the emigration business. The agencies of the foreign lines, on the other hand, either held no such licence at all, or only one which was restricted to certain German federal states or Prussian provinces—such, for instance, as Morris and Co. possessed for the two Mecklenburgs and for Schleswig-Holstein. This circumstance naturally compelled them to tap foreign districts rather than parts of Germany; and since the German lines, in order to keep down their competition, refused to carry the passengers they had booked, they were obliged to work in conjunction with foreign ones. They generally provided the berths which the sub-agencies required for their clientèle, and sometimes they would book berths on their own account, afterwards placing them at the disposal of the agencies. They were the connecting link between the shipping companies and the emigrants, and the former had no dealings whatever with the latter until these were on board their steamers. The Hamburg emigration agents had therefore also to provide accommodation for the intending emigrants during their stay in Hamburg and to find the means for conveying them to the British port in question. A number of taverns and hostelries in the parts near the harbour catered specially for such emigrants, and the various agents found plenty of scope for a display of their respective business capacities. A

talent for organization, for instance, and skill in dealing with the emigrants, could be the means of gaining great successes.

This was the sphere in which the youthful Albert Ballin gave the first proofs of his abilities and intelligence. Within a few years of his entering the firm the latter acquired a prominent position in the " indirect " emigration service *via* England, a position which brought its chief into personal contact with the firm of Richardson, Spence and Co., of Liverpool, who were the general representatives for Great Britain of the American Line (one of the lines to whose emigration traffic Morris and Co. attended in Hamburg), and especially with the head of that firm, Mr. Wilding. An intimate personal friendship sprang up between these two men which lasted a lifetime. These close relations gave him an excellent opportunity for studying the business methods of the British shipping firms, and led to the establishment of valuable personal intercourse with some other leading shipping people in England. Thus it may be said that Ballin's connexions with England, strengthened as they were by several short visits to that country, were of great practical use to him and that, in a sense, they furnished him with such business training as until then he had lacked.

How successfully the new chief of Morris and Co. operated the business may be gauged from the fact that, a few years after his advent, the firm had secured one-third of the volume of the " indirect " emigration traffic *via* England. At that time, in the early 'eighties, a period of grave economic depression in the United States was succeeded by a trade boom of considerable magnitude. Such a transition from bad business to good was always preceded by the sale of a large number of " pre-paids," i.e. steerage tickets which were bought and paid for by people in the United States and sent

by them to those among their friends or relatives in Europe who, without possessing the necessary money, wished to emigrate to the States. A few months after the booking of these "pre-paids" a strong current of emigration always set in, and the time just referred to proved to be no exception to the rule. The number of steerage passengers leaving Hamburg for New York increased from 25,000 in 1879 to 69,000 in 1880, and 123,000 in 1881.

It was quite impossible for the biggest Hamburg shipping company—the Packetfahrt—to carry successfully this huge number of emigrants. And even if this had been possible, the Packetfahrt would not have undertaken it, because it intentionally ignored the stream of non-German emigrants. Besides, the Company had neglected for years to adapt its vessels to the needs of the times, and had allowed its competitors to gain so much that even the North German Lloyd, a much younger undertaking, had far outstripped it. The latter, under its eminent chairman, Mr. Lohmann, had not only outclassed the Packetfahrt by the establishment of its service of fast steamers—"Bremen-New York in 9 days"—which was worked with admirable regularity and punctuality, but had also increased the volume of its fleet to such an extent that, in 1882, 47 of the 107 transatlantic steamers flying the German flag belonged to this Company, whereas the Packetfahrt possessed 24 only. For all these reasons it would have been useless for Morris and Co. to suggest to the Packetfahrt that they should secure for it a large increase in its emigrant traffic; and even if they had tried to extend their influence by working in co-operation with the Packetfahrt, such an attempt would doubtless have provoked the liveliest opposition on the part of the firm of August Bolten, the owner of which was one of the founders of the Packetfahrt, and which, because

they were acting as general agents for the North American cargo and passenger business, exercised a powerful influence over the management of the Packetfahrt. The firm of August Bolten, moreover, had, like the line they represented, always consistently refused to have any dealings with the emigrant agencies.

Ballin, knowing that the next few years would lead to a considerable increase in the emigrant traffic, therefore approached a newly established Hamburg shipping firm—which intended to run a cargo service from Hamburg to New York—with the proposal that it should also take up the steerage business. His British friends, when they were informed of this step, expressed the apprehension lest their own business with his firm should suffer from it, but Ballin had no difficulty in allaying their fears.

CHAPTER II

General Representative of the Carr Line

The new shipping line for which Morris and Co. contracted to act as General Passenger Agents was the privately owned firm of Mr. Edward Carr. The agreement concluded between the two firms shows distinct traces of Ballin's enterprising spirit and of the largeness of his outlook. Morris and Co. undertook to book for the two steamships of the Carr Line then building, viz. the *Australia* and the *America*, as many passengers as they could carry, and guaranteed to pay the owners a passage price of 82 marks per head, all the necessary expenses and commissions, including those connected with the dispatch of the passengers, to be paid by Morris and Co. The steerage rate charged by the Packetfahrt at that time was 120 marks. It was agreed that, if this rate should be increased, a corresponding increase should be made in the rates of the Carr Line. The number of trips to be performed by each steamer should be about eight or nine per annum. If a third boat were added to the service, the agreement entered into should be extended so as to cover this boat as well. For every passenger short of the total capacity of each steamer Morris and Co. were to pay a compensation of 20 marks, if no arrangements had been made for the accommodation of the passenger, and 35 marks in case such accommodation had been arranged. It was expected that each boat would carry from 650 to 700 passengers. The actual number carried, however, turned out to be slightly less, and amounted to 581 when the first steamer left

Hamburg on June 7th, 1881. Morris and Co. also undertook to hand over to the Carr Line all the through cargo they could secure. From the very start the work done by Ballin seems to have met with the unqualified approval of the Carr Line people; because the latter waived their claim to the compensation due to them for the sixty passengers short of the total number which were to be carried on the first trip, as Morris and Co. could prove that these passengers had failed to arrive, although the firm had been advised from Denmark that they were to come. On how small a scale the firm's business was conducted may be gauged from the circumstance that the whole staff consisted of nine employees only, who were paid salaries aggregating 20,302 marks.

In one essential feature the service of the new line differed from those of its old-established competitors. The *Australia* and the *America* were ordinary cargo boats, but, in addition to a moderate amount of cargo, they also carried steerage passengers. They thus had not much in common with the usual passenger steamers by which both cabin and steerage passengers were carried. The advantage of the new type to the emigrants was that it gave them much more space than was at their disposal on the older boats. Whereas on the cabin steamers they were practically confined to a very small part of the boat, the Carr Line steamers made no restriction whatever as to their movements on board; all the available space, especially on deck, was thrown open to them. This type was not entirely a novelty, the sailing vessels of the older period used for the emigrant traffic being run on similar lines. The advantages accruing to the owners from their new type of steamers were obvious. The arrangements for the accommodation and provisioning of the emigrants, compared with what was needed in the case of cabin

passengers, were of the simplest kind, and thus the cost price of the steamers was considerably less than that of vessels of the usual type. This also meant a saving in the wages bill, as it led to a reduction in the number of hands on board; and since the speed of the new boats was also less than that of the older ones, the working expenses were reduced in proportion. The financial results of the service, therefore, were better, in spite of the low rates charged to the steeragers, than those obtainable by running cabin steamers with steerage accommodation, and than those obtainable by running cargo steamers without any passenger accommodation.

The new line soon made itself felt as a serious competitor to the Packetfahrt, especially so as by 1885 its fleet had increased from two to five steamers. The lower steerage rates charged by the Carr Line led to a general decrease of rates in the New York service, which was not confined to the lines running their services from Hamburg. The passage prices charged from the various ports are naturally closely related to each other, because each port tries to attract as much traffic as possible to itself, and this can only be brought about by a carefully thought-out differentiation. The struggle between the various lines involved which had started in Hamburg quickly extended to other seaports and affected a great many lines in addition to those of Hamburg. The rate-cutting process began in May, 1882. In the following October the Packetfahrt and the Lloyd had reduced their rates to 90 and in June, 1883, to 80 marks, whilst the British lines in February, 1884, charged so little as 30s. The Carr Line, of course, had to follow suit. It not only did so, but in proportion reduced its own rates even more than the other lines. The rates were even lower in practice than they appeared to be, owing to the constantly growing commissions

payable to the agents. The agents of the competing lines, by publishing controversial articles in the newspapers, soon took the general public into their confidence; and in order to prevent such publicity being given as to their internal affairs, the managements of the various steamship lines entered into some sort of mutual contact. The worst result of the rate-slashing was that the agreements which the older lines had concluded amongst themselves for the maintenance of remunerative prices soon became unworkable. First those relating to the Westbound rates had to go down before the new competitor; and in 1883, when this competition had really commenced to make itself appreciably felt, the Packetfahrt found itself compelled to declare its withdrawal from the New York Continental Conference by which the Eastbound rate had been fixed at $30 for the passage from New York to the Continent, a rate which was so high that the Carr Line found it easy to go below it.

The Packetfahrt made great efforts to hold its own against the newcomer, but, as the following figures show, its success was but slight. In 1883 the Packetfahrt carried 55,390 passengers on 76 voyages, against 16,471 passengers carried on 29 voyages by the Carr Line, so that the traffic secured by the latter amounted to about 30 per cent. of that of the former. The figures for 1884 show that 58,388 passengers were carried by the Packetfahrt on 86 voyages, against 13,466 steeragers on 30 voyages by the Carr Line. If the figures relative to the direct and the indirect emigrant traffic from Hamburg are studied, it will be seen that a considerable decrease had taken place in the volume of the latter kind within a very few years, thus leading to an improvement in the position of the German lines as compared with that of their British competitors. These figures are as follows:

	Number of Emigrants carried		
	Packetfahrt	*Carr Line*	*via British ports*
1880 . . .	47,000	—	20,000
1881 . . .	68,000	4,000	47,600
1882 . . .	68,000	11,000	31,000
1883 . . .	55,000	16,000	13,000
1884 . . .	58,000	13,000	16,000

At the same time the Packetfahrt, in order to prevent French competition from becoming too dangerous on the Havre-New York route, had to reduce its rates from Havre, and a little later it had to do likewise with regard to the Eastbound freight rates and the steerage rates. The keen competition going on between the lines concerned had led to a lowering of the Eastbound rate to Hamburg from $30 to $18; and as the commission payable to the agents had gone up to $5, the net rate amounted to $13 only. At last the shareholders of the Packetfahrt became restless, and at the annual general meeting held in 1884 one of their representatives moved that the Board of the Company should be asked to enter into an agreement with the competing firm of Edward Carr. The motion, however, was lost; and the further proposal that a pool should be established among the Hamburg emigrant agents fared no better.

It was clear that the rate-war, which continued for a long period, would considerably affect the prosperity of the Carr Line in common with the other shipping companies. This circumstance prompted the proposal of Edward Carr, when the discussions were renewed in the spring of 1885, to carry them on upon a different basis altogether. He proposed, in fact, that the Carr Line itself should be purchased by the Packetfahrt. In the course of the ensuing negotiations Albert Ballin, as the representative of Edward Carr, who was absent from Hamburg for a time, played a prominent part.

The Packetfahrt, in the meantime, had received advices from its New York office to the effect that the latter had reconsidered its attitude towards the claims of the Carr Line, that it looked upon a successful termination of the struggle against this Line as hopeless, and that it therefore recommended the granting of the differential rates which formed the obstacle to peace. Nevertheless, it was not until July, 1885, that, at a conference held in Hamburg, an agreement was concluded by the Packetfahrt, the Lloyd, the Carr Line, the Dutch, Belgian, and French lines, and the representative of the British lines. All these companies bound themselves to raise their rates to 100 marks, except that the Carr Line should be entitled to fix theirs at 90 marks. Thus the latter had at length received the recognition of its claim to a differentiation, and of its right to exist side by side with the older Company, although its steamers were not of an equal quality with those of the latter. An agreement was also concluded by which the rates of commission due to the Hamburg emigrant agents were fixed, and at the continued negotiations with the other lines Albert Ballin, from that time onward, in his capacity of representative of the Carr Line, was looked upon as on an equal footing with the representatives of the other lines.

The principal subject of the discussions was the question of eliminating, as far as possible, British influence from the emigrant traffic *via* Hamburg. The competition of the British was, naturally, very detrimental to the business of all the Continental, but more especially the German lines, because the interests of the respective sides were utterly at variance with each other. The firm foundations of the business transacted by the British lines were laid in England, and the Continental business was merely a source of additional profit; but to the German lines it was the mainstay of their existence, and to make it

pay was of vital importance to them. The German lines, therefore, did not rest until, as the result of the continued negotiations among the Continental companies, it was agreed that the uniform rates just fixed should not apply to the traffic which was carried on by the two Hamburg lines from that city. Towards the end of 1885 the first object aimed at by this step was realized: the conclusion of an agreement between the two Hamburg lines and the representatives of the British lines settling the rates and the commissions; but apart from this, no changes of fundamental importance were made in this business until after Albert Ballin, under an agreement proposed by the Packetfahrt, had entered the service of the Packetfahrt, as head of their passenger department. An important exception, however, was the amalgamation suddenly announced in March, 1886, of the Carr Line and the Union Line, which latter company was operated by Rob. M. Sloman and Co., of Hamburg. The fact of this amalgamation considerably weakened the position of the Packetfahrt in its dealings with the Carr Line, because it gave additional strength to the latter.

The details of the five years' agreement between Ballin and the Packetfahrt were approved by the Board of Trustees of that Company about the middle of May, 1886. It was stipulated that, in conformity with the pool agreement concluded between the two lines on May 22nd, the Packetfahrt should appoint Mr. Albert Ballin sole and responsible head of its North American passenger department (Westbound as well as Eastbound services); that his work should include the booking of steeragers for the Union Company's steamers (which, in accordance with the pool agreement, the Packetfahrt had taken over), that he should appoint and dismiss the clerks employed by his department; that he should fix their salaries and commissions; that he should sign

passage agreements on behalf of the Company, and that he should issue the necessary instructions to the agents and officers of the Company. All letters and other documents were to be signed "by proxy of the Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft," and he was required annually to submit to the directors a draft estimate of the expenses of his department. On how modest a scale the whole arrangement was drawn up may be inferred from the figures given in the first year's draft estimate, viz. Salaries, 35,000 marks; advertisements, 50,000 marks; posters and printed matter, 25,000 marks; travelling expenses, 6,000 marks; postage and telegrams, 10,000 marks; extras and sundries, 10,000 marks. Equally modest was the remuneration of the new head who was to receive a fixed salary of 10,000 marks per annum, plus a commission under the pool agreement, allowing the inference that the total annual income of the newly appointed head of the department would work out at something like 60,000 marks, which goes to show that the Company had a high opinion of his capacity for attracting traffic to its services. The conclusion of this agreement meant that the Packetfahrt henceforth took entire control of its passenger business—which, until then, had been looked after by the firm of Aug. Bolten—and that a passenger department had to be specially created. Thus an important step forward was made which could only be undertaken by the firm because such a well-qualified man as Ballin happened to be at their service just then.

If the course of the negotiations between the Packetfahrt and the Carr Line had not already shown it, this agreement would prove without a shadow of doubt that the then head of Morris and Co. had, at the age of twenty-nine, and after twelve years of practical work, gained the premier position in the emigrant business of his

native city and also a leading one in the general European emigrant business which in itself is one of the most important branches of the shipping trade. The correspondence between Edward Carr and Ballin furnishes no indication that the latter himself had insisted upon his being taken over by the Packetfahrt or that he had worked with this object.

CHAPTER III

Head of the Packetfahrt's Passenger Department

On May 31st, 1886, Albert Ballin first took part in a joint meeting of the Board of Trustees and the Board of Directors of the Packetfahrt. On this occasion two proposals were put forward by him: one, to provide new premises for the work connected with the booking of passengers at an annual rent of 5,000 marks; the other, to start a direct service from Stettin to New York *via* Gothenburg. This latter proposal was prompted by the desire to reduce the influence of the British lines competing for the Hamburg business. Such a reduction could only be brought about if it were proved to the British lines that their position was by no means unassailable. The Scandinavian emigrant business to the United States which for long had been a source of great profit to the British, lent itself admirably to such purposes. Ballin's proposal was agreed to by the Company's management, with the result that in July, 1886, a pool agreement was concluded between the Packetfahrt (on behalf of a Stettin Line of steamers) and the Danish Thingvalla Line. Steamers now began to call at Gothenburg and Christiansand on their voyages from Stettin to the United States. The new line was known as the "Scandia Line"; and in later years, when a similar object was aimed at, it was called into existence once more. The aim was not to establish a new steamer service for its own sake, but rather to create an object for compensation which, in the negotiations with the British lines, could be given up again in ex-

change for concessions on the part of the latter regarding the Hamburg business. If this plan failed, Ballin had another one mapped out: he threatened to attack the British in their own country by carrying steerage passengers either from Liverpool *via* Havre, or from Plymouth *via* Hamburg. People in England laughed at this idea. "Surely," they said, "no British emigrant will travel on a German vessel." The British lines replied to Ballin's threat by declaring that they would again reduce to 30s. their rates from Hamburg to New York *via* a British port. However, the negotiations which Ballin entered into with them in England during the month of September, 1886, soon cleared the air, and led to the conclusion of an agreement towards the end of the year. The Packetfahrt promised to withdraw its Scandia Line, and the British lines, in return, agreed to raise their steerage rates from Hamburg to 85 marks gross, and those from Liverpool, Glasgow, and London to £2 10s. net. A clearing house which should be under the management of a representative of the British lines, and which was also to include the business done by the Bremen agents of the latter, was to be set up in Hamburg. This clearing house was kept on until other and more far-reaching agreements with the British lines made its continued existence superfluous.

The arrangements which Ballin made with the agents represented in the clearing house show his skill in his dealings with other people. The whole agreement, especially the fixing of the terms governing the share to be assigned to the agents—which amounted to 55 per cent. of the Hamburg business—was principally aimed at the realization of as high a rate as possible. This policy proved to be a great success. Another step forward was that the Packetfahrt now consented to accept passengers booked by the agents, thus reversing their previous policy of ignoring them altogether.

The agreement with the British lines also provided that the Union Line should raise its rates to 90 marks, the Packetfahrt to 95 marks, and the Lloyd those charged for its services to Baltimore and New York to 100 and 110 marks respectively. Henceforward both competing groups were equally interested in obtaining as high a rate as possible.

The practical working of the agreement did not fail to give satisfaction, and the Continental lines could, undisturbed by external interference, put their own house in order. A few years later, in 1890, the British lines complained that they did not succeed in getting the percentage of business to which they were entitled. Negotiations were carried on at Liverpool, during which Ballin was present. He pointed out that, considering the whole Continental position, the British lines would be ill-advised to withdraw from the agreement, and he stated that he would be prepared to guarantee them their share (33 per cent.) of the Hamburg business. The outcome was that the British lines declared themselves satisfied with these new stipulations. A few years later, when the British lines joined the Continental Pool, the Hamburg agreement ceased to be necessary, and in 1893 the clearing house was abolished.

The new Emigration Law of 1887—due to the exertions of the North German Lloyd and the Packetfahrt —strengthened the position of the lines running direct services from German ports. Another step forward was the increase of the passage rates which was agreed upon after negotiations had taken place at Antwerp and in England, and after the German, Dutch, and Belgian lines had had a conference at Cologne. Contact was also established with the chief French line concerned.

The improvement, however, was merely temporary. The termination of the struggle for the Hamburg business did not mean that all the differences between all

the transatlantic lines had been settled. On the contrary, all the parties concerned gradually realized that it would be necessary to institute quite different arrangements; something to ensure a fairer distribution of the traffic and a greater consolidation of their common interests. A proposal to gain these advantages by the establishment of a pool was submitted by the representative of the Red Star Line at a conference held in the autumn of 1886, and a memorandum written by Ballin, likewise dating from 1886, took up the same idea; but an agreement was not concluded until the close of 1891.

That, in spite of Ballin's advocacy, five years had to elapse before this agreement became perfect is perhaps to some extent due to the fact that Ballin—who at that time, after all, was only the head of the Passenger Department of his Company—could not always speak with its full authority where his own personal views were concerned. Moreover, the influence of his Company was by no means very considerable in those early days. The only passenger boat of any importance which the Company possessed in the early 'eighties, before Ballin had entered its services, was the *Hammonia*, and she was anything but a success. She was inferior both as regards her efficiency and her equipment. At last, however, Ballin's desire to raise the prestige of the Company triumphed, and the building of several fast boats was definitely decided upon. In addition to a comparatively large number of passengers—especially those of the first cabin—they were to carry a moderate amount of cargo. In size they were subject to the restrictions imposed upon them by the shortcomings of the technical knowledge of that time, and by the absence of the necessary improvements in the fairway of the lower Elbe. Speed, after all, was the main consideration; and it was the struggle for the blue riband

of the Atlantic which kept the attention of the travelling public riveted on these boats.

A statement giving details of the financial results obtained by the first four of the new fast steamers which were entered into the service of the Company between 1889 and 1891 showed that the earnings up to and including the year 1895 did not even cover the working expenses, and that those up to 1899 were not sufficient to allow for an interest of 4 per cent. on the average book values of the steamers. It must be remembered, however, that the first of these two periods included the disastrous season of 1892–93, when Hamburg was visited by an epidemic of cholera. And a different light is shed on the matter also if we further remember that depreciation had been allowed for on a generous scale, no less than 50 per cent. of the cost price plus the expenditure incurred through an enlargement of the *Auguste Victoria*, the oldest of the boats, having been deducted on that account. The Packetfahrt, like all the other German shipping companies, has always been very liberal in making ample provision for depreciation. When, therefore, these steamers were sold again at the time of the Spanish-American and Russo-Japanese wars, a considerable profit was realized on the transactions which enabled the Company to replace them by a very high-grade type of vessel (the *Deutschland*, *Amerika*, and *Kaiserin Auguste Victoria*). It must be admitted in this connexion that perhaps no shipowner has ever been more favoured by fortune than Ballin where the sale of such difficult objects as obsolete express steamers was concerned. The value which these boats had in relation to the prestige of the Company was very considerable; for, as Ballin expressed it to me one day: "The possession of the old express steamers of the Packetfahrt certainly proved to be something like a white elephant; but just consider

how greatly they have enhanced the prestige of the Company." They attracted thousands of passengers to the Line, and acted as feeders to its other services.

The orders for the first two of these steamers were given towards the close of 1887 to the Vulkan yard, at Stettin, and to the firm of Laird respectively, at a price of £210,000 each, and the boats were to be completed early in 1889. They were the first twin-screw steamers, and were provided with the system of "forced draught" for the engines. This system had just been introduced in British yards, and Ballin's attention had been drawn to it by his friend Wilding, who was always ready to give him valuable advice on technical matters. In order to find the means for the construction of these and of some other boats, the general meeting of the shareholders, held on October 6th, 1887, voted a capital increase of 5,000,000 marks and the issue of 6,250,000 marks of debentures. Knowing that an improvement of the services was the great need of the time, Ballin, since the time of joining the Company, had done all he could to make the latter a paying concern again, and in this he succeeded. For the year 1886 a dividend of 5 per cent. was paid, and thus it became possible to sanction an increase of the joint-stock capital.

Further foundations for later successes were laid by the reform of the organization and of the technical services of the Company. His work in connexion with the Carr Line had taught the youthful head of the passenger department that careful attention to the material comfort of the steerage passengers could be of great benefit to the Company. He continued along lines such as these, and at his suggestion the steerage accommodation on two of the Packetfahrt's steamers was equipped with electric light, and provided with some single berths as well. This latter provision was extended still further during the succeeding year. In

addition to the fast steamers, some ordinary ones were also ordered to be built. In 1888 two steamers were ordered for the Company's West Indies service, and shortly afterwards eight units of the Union Line were bought at a price of 5,200,000 marks. All these new orders and purchases of steamers led to the joint-stock capital being raised from 20 to 30 million marks. Two more boats were laid down in the Stettin Vulkan yard, and a third with the firm of Laird. The express steamer then building at the Vulkan yard was named *Auguste Victoria* in honour of the young Empress.

During the summer months of 1887 Ballin, together with Mr. Johannes Witt, one of the members of the Board of Trustees, went to New York in order to discuss with the agents a reorganization of the New York representation, which was looked after by Edward Beck and Kunhardt. In consequence of the negotiations which Ballin carried on to that end, the agents undertook to submit their business for the Company to the control of an officer specially appointed by the Packetfahrt. This small beginning led, in later years, to the establishment in New York of the Company's direct representation under its own management.

When Ballin joined the Packetfahrt, he did not strictly confine his attention to matters connected with the passenger services. When, for instance, the head of the freight department was prevented from attending a meeting called by the Board of Trustees, Ballin put forward a proposal for raising the rates on certain cargo. It was therefore only but fit acknowledgment of his many-sided talents, and recognition that his energetic character had been the guiding spirit in the Company's affairs, that the Board of Trustees appointed Ballin in 1888 a member of the Board of Directors after two years with the Packetfahrt. This appointment really filled a long-felt gap.

CHAPTER FOUR

The Pool

The term " pool " may be defined in a variety of ways, but, generally speaking, the root idea underlying its meaning is always the same, both in its application to business and to betting. A pool, in brief, is a combination of a number of business concerns for their own mutual interests, all partners having previously agreed upon certain principles as to the distribution of the common profits. In other words, it is a community of interests concluded upon the basis of dividing the profits realized in a certain ratio. I have been unable to discover when and where this kind of combination was first used in actual practice. Before the transatlantic steamship companies did so, the big trunk lines of the United States railway system are said to have used it in connexion with the westbound emigrant traffic, and possibly for other purposes also.

When Ballin wrote his memorandum of February 5th, 1886, the steamship lines must already have been familiar with the meaning of the term, for the memorandum refers to it as something well known. Ballin begins by stating that the " Conference of the Northern European Lines " might be looked upon as having ceased to exist, seeing that two parties were represented on it whose claims were diametrically opposed to each other. Whereas the North German Lloyd insisted on the right to lower its rates, the Red Star Line claimed that these rates should be raised, so that it might obtain a better

differential rate for itself. A reconciliation of these mutually contradictory views, the memorandum went on to say, appeared to be impossible, unless all parties agreed upon an understanding which would radically alter the relations then existing between their respective interests; and a way leading out of the *impasse* would be found by adopting the pooling system proposed by the representative of the Red Star Line. If we take the number of steeragers carried to New York from 1881 to 1885 by the six lines concerned as a basis, the respective percentages of the total traffic are as follows:

	Percentage
North German Lloyd	33·45
North German Lloyd (Baltimore Line)	14·80
Packetfahrt	27·00
Union Line	5·53
Red Star Line	12·26
Holland American Line	6·96

It was, however, justly pointed out at a meeting of the Conference that the amount of tonnage must also be taken into account in laying down the principles which were to govern the distribution of the profits. The average figures of such tonnage employed by the six lines during the same period were:

	Tons	*Percentage*
North German Lloyd	275,520	33·91
North German Lloyd (Baltimore Line)	63,000	7·76
Packetfahrt	199,500	24·55
Union Line	42,840	5·27
Red Star Line	149,600	18·41
Holland American Line	82,080	10·10
Total tonnage	812,540	

The average of both sets of percentage figures worked out as follows:

	Percentage
North German Lloyd . . .	33·68
North German Lloyd (Baltimore Line)	11·28
Packetfahrt	25·77½
Union Line	5·40
Red Star Line	15·33½
Holland American Line . . .	8·53

"It would be necessary," the memorandum continned, "to calculate each Company's share annually on the basis of the average figures obtained for the five years immediately preceding, so that, for instance, the calculation for 1887 would be based on the figures for the five years from 1882 to 1886; that for 1888 on those for the period from 1883 to 1887, and so on. Uniform passage rates and uniform rates of commission would have to be agreed upon. To those lines which, like the North German Lloyd, maintained a service which was run by fast steamers exclusively, would have to be conceded the right to charge in their separate accounts passage money up to 10 marks in excess of the normal rates, seeing that their expenses were heavier than those of the other lines. Those Companies, however, claiming differential rates below the general ones agreed upon would have to make up the difference themselves, which was not to exceed the amount of 30 marks—i.e. they would have to contribute to the common pool a sum equal to the general rate without deduction."

The two cardinal principles lying at the root of this proposal were (1) the assigning to each line of a definite percentage of the total traffic on the basis of the average figures ascertained for a definite period of time, and (2) the possibility of further grading these percentages by taking into account the amount of tonnage which

each line placed at the disposal of the joint undertaking. This latter provision—which was known during the early stages of the movement as the tonnage clause—was intended to prevent any single line from stagnation, and to give scope to the spirit of enterprise.

The tonnage clause was not maintained for the whole time during which the pool agreement was in force. It was afterwards abolished at the instance of the North German Lloyd. This event led, in the long run, to the last big crisis which the pool had to pass through by the notice of withdrawal given by the Hamburg-Amerika Linie. When this Company proposed to considerably enlarge its steerage accommodation through the addition to its service of the three big boats of the *Imperator* class, it demanded a corresponding increase of its percentage figure, and, when this claim fell through owing to the opposition of the North German Lloyd, it gave formal notice of its withdrawal from the pool. Precautions taken to counteract this led to negotiations which had to be discontinued when the war broke out. Nevertheless, the pool, which was first proposed in 1886, and which came into existence in 1892, did a great deal of good. More than once, however, the agreement ceased to be effective for a time, and this was especially the case on the occasion of the struggle with the Cunard Line which followed upon the establishment of the Morgan Trust in 1903.

The secretary of the pool was Heinrich Peters, the former head of the passenger department of the Lloyd. The choice of Mr. Peters is probably not unconnected with the fact that it was he who, at a moment when the negotiations for establishing a pool had reached a critical stage, appeared on the scene with a clearly-defined proposal, so that he, with justice, has been described as "the father of the pool." Shortly before his death in the summer of 1921 Mr. Peters wrote to

me concerning his proposal and the circumstances o its adoption :—

"The history of the events leading up to th creation of the 'North Atlantic Steamship Line Association,'" he wrote in his letter, "was no without complications. So much so that after th Conference at Cologne, at which it had been found impossible to come to an understanding, I went t bed feeling very worried about the future. Shortly afterwards—I don't know whether I was half awake or dreaming—the outline of the plan which was afterwards adopted stood out clearly before my mind's eye its main features being that each line should be granted a fixed percentage of the traffic on the basis of 'Moore's Statistics' (reports issued periodically and showing the number of passengers landed in New York at regular intervals), and that the principle of compensation should be applied to adjust differences. When I was fully awake I found this plan so obviously right that, in order not to let it slip my memory, I jotted down a note concerning it on my bedside table. Next morning, when Ballin, Reuchlin (of the Holland American Line), Strasser (of the Red Star Line), and myself met again in the smoking-room of the Hotel du Nord, I told them of my inspiration, and my plan was looked upon by them with so much favour that Ballin said to me: 'Well now, Peters, you have discovered the philosopher's stone.' We then left, previously agreeing amongst ourselves that we would think the matter over at our leisure, and that we should refrain from taking any steps leading to a conflict, at least for the time being. On my return to Bremen I went straight to Lohmann (who was director general of the Lloyd at that time), but he immediately threw a wet blanket over my enthusiasm. His objection was that such an agreement would interfere with the progressive develop-

ment of the Lloyd. A few days later a meeting of the Board of Trustees was held at which I entered into the details of my proposal; but I am sorry to say that my oratorical gifts were not sufficient to defend it against the objections that were raised, nor to prevent its rejection. I can hardly imagine what the representatives of the other lines must have felt on hearing that it was the Lloyd itself which refused to accept the proposal which had been put forward by its own delegate, although the share allotted to it was very generous. Thus the struggle went on for another eighteen months, and it was not until January, 1892, that the principal lines concerned definitely concluded a pool agreement closely resembling the draft agreement I had originally proposed.

"The North Atlantic Steamship Lines Association was originally intended to remain in existence for the period of five years; but as it was recognized by all parties that it was necessarily a step in the dark, people had become so doubtful as to the wisdom of what they had done that a clause was added to the effect that it could be cancelled after the first six months provided a fortnight's notice was given by any partner to it. Nevertheless, the agreement successfully weathered a severe crisis during the very first year of its existence, when the disastrous cholera epidemic paralysed the Hamburg trade and shipping."

That this account is correct is confirmed by the minutes of the Cologne meeting of February 6th, 1890.

The British lines definitely declined in March, 1892, to join the pool. Thus the plan finally agreed upon in 1892 was subscribed to by the Continental lines alone, with the exception of the French line. In contrast with previous proposals, the eastbound traffic was also to be parcelled out by the lines forming the pool.

This so-called North Atlantic Steamship Lines Asso-

clation, the backbone of the later and greater pool, w built up on the following percentages :

	Westbound traffic (p.c.)	*Eastbou traffic (p.*
North German Lloyd . . .	46·16	44·53
Packetfahrt (including the Union Line)	28·84	18·47
Red Star Line	15·70	20·68
Holland American Line . .	9·30	16·32

These percentages were subject to the effect of th tonnage clause by which it was provided that 50 p cent. of the tonnage (expressed in gross registered ton which any line should possess at any time in exce of that possessed in 1890 should entitle such line t an increase of its percentage.

It has already been stated that Mr. Heinrich Pete was appointed secretary of the pool. He, in compl ance with the provision that the secretariat should b domiciled at a " neutral " place, chose the small un versity town of Jena for his residence. Thus this tow so famous in the literary annals of Germany, becam for more than twenty years, the centre of an inte national organization with which few, if any, oth places could vie in importance, especially since the fo lines which had just concluded the original pool we joined, in course of time, by the British lines, the Freuc line, the Austrian line, and some Scandinavian an Russian lines as well. Later on a special pool w set up for the Mediterranean business which, in add tion to the German, British, and Austro-Hungarian line also comprised the French Mediterranean, the Italia and the Greek lines, as well as one Spanish line. Th business of all these lines was centred at Jena.

Of considerable importance to the smooth workin of the pool was the court of arbitration attached to i organization. On account of the prominent positio

occupied by the German companies, German law was agreed to as binding for the decisions, and since at the time when the pool was founded, Germany did not possess a uniform Code of Civil Law for all parts of the Empire, the law ruling at Cologne was recognized to be applicable to such purposes. Cologne was the city at which the establishment of the pool was decided upon, and there all the important meetings that became necessary in course of time were held. The chairman of the Cologne Association of Solicitors was nominated president of the arbitration court, but later on this office devolved on President Hansen, a member of the Supreme Court for the Hanseatic cities, who filled his post for a long term of years—surely a proof of the confidence and esteem with which he was honoured by all parties concerned. Numerous awards issued by him, and still more numerous resolutions adopted at the many conferences, have supplemented the original pool agreement, thus forming the nucleus of a real code of legislation affecting all matters dealing with the pool in which a large number of capable men drawn from the legal profession and from the world of business have collaborated.

The knowledge of these regulations gradually developed into a science of its own, and each line had to possess one or more specialists who were experts in these questions among the members of its staff. I am sure they will unanimously agree that Albert Ballin surpassed them all in his knowledge of the intricate details. His wonderful memory enabled him, after a lapse of more than twenty years, to recall every phase in the history of the pool, so that he acquired an unrivalled mastery in the conduct of pool conferences. This is abundantly borne out by the fact that in 1908, when negotiations were started in London for the establishment of a general pool—i.e. one comprising the

whole of Northern Europe, including Great Britain Ballin, at the proposal of the British lines, was select chairman of the conference which, after several criti phases had been passed through, led to a compl success and an all-round understanding.

In 1892 the normal development of business w greatly handicapped by the terrible epidemic of chol then raging in Hamburg. For a time the United Sta completely closed her doors to all emigrants from t Continent, and it was not until the following year th conditions became normal again. Nevertheless Ball in order to extend the various understandings betwe the Northern European lines, took an important st even before the close of 1892, by falling back upon measure which he had already once employed in 18 His object was to make the British lines more favo ably inclined towards an understanding, and to th end he attacked them once more in the Scandinavi business. The actual occasion which led to the co flict was that the British lines, owing to differences opinion among themselves, had given notice of wi drawal from the Hamburg agreement and from t Hamburg clearing house. This gave the Packetfahrt free hand against its British competitors, and enabl it to carry as many as 2,500 Scandinavian passeng *via* Hamburg in 1892. The position of the Pack fahrt during the ensuing rate war was considerat improved by the agreement which it had conclud with the Hamburg agents of the British lines, wh although their principals had declared their withdraw from the pool, undertook to maintain the rate whi had been jointly agreed upon by both parties.

Some time had to elapse before this move had desired effect on the British lines. Early in 1894 th declared themselves ready to come to an understandi with the Continental lines on condition that they w

granted 7 per cent. of the Continental traffic (in 1891 they had been offered 14 per cent.), and that the Packetfahrt was to discontinue its Scandia Line.

This general readiness of the British companies, however, did not preclude the hostility of some of their number against any such agreement, and so the proposal fell through. The proposed understanding came to grief owing to the refusal of the Cunard Line to join a Continental pool at the very moment when the negotiations with the British lines had, after a great deal of trouble, led to a preliminary understanding with them. A letter which Ballin received from an English friend in January, 1894, shows how difficult it was to make the British come round to the idea of a pool. In this letter it was said that the time was not ripe then for successfully persuading the British lines to join any pool or any other form of understanding which would necessitate agreement on a large number of details. All that could be expected to be done at the time, the writer continued, was a rate agreement of the simplest possible kind, and he thought that if such an understanding were agreed to and loyally carried out, that would be an important step forward towards arriving at a general agreement of much wider scope.

To such vague agreements, however, the Continental lines objected on principle, and the opposition of the Cunard Line made it impossible to agree upon anything more definite. Thus the struggle was chiefly waged against this line. The Continental lines were assisted by the American Line, which had sailings from British ports, and with the management of which Ballin had been on very friendly terms ever since the time when he, as the owner of the firm of Morris and Co., had worked for it. After the conflict had been going on for several months, it terminated with a victory of the Continental lines. Thus the road was at last clear for an

attempt to make the whole North Atlantic busines pay.

The first step in that direction was the conclusion in 1896, of an agreement concerning the cabin business The Packetfahrt's annual report for that year state that the results obtained through the carrying c cabin passengers could only be described as exceedingl unfavourable, considering that the huge working ex penses connected with that kind of business had t be taken into account. Nevertheless, this traffic, whic had reached a total of more than 200,000 passenger during the preceding year, could be made a source c great profit to the companies if they could be persuade to act in unison. The agreement then concluded wa at first restricted to the fixing of the rates on a uniforr scale.

Both these agreements—the one dealing with th steerage and the one dealing with the cabin business—were concluded, in 1895, for three years in the firs instance. In May, 1898, discussions were opened i London, at which Ballin presided, with a view to ex tending the period of their duration, and these proceed ings, after a time, led to a successful conclusion, but i June, Ballin again presiding, the desired understandin was reached. A few weeks later an agreement concern ing the second cabin rates was also arrived at, and to wards the close of the year negotiations were starte with a view to the extension of the steerage agreement In 1899 the pool was extended to run for a furthe period of five years, under percentages :

	Westbound traffic (p.c.)	*Eastbound traffic (p.c.*
North German Lloyd . . .	44·14	41·53
Packetfahrt	30·71	26·47
Red Star Line	15·37	18·68
Holland American Line . .	9·78	13·32

To the Packetfahrt these new percentages meant a step forward, although the omission of the tonnage clause was a decided hindrance to its further progress.

The next important event in the development of the relations between the transatlantic lines was the establishment of the so-called Morgan Trust and the conclusion of a "community of interest" agreement between it and the German lines.

CHAPTER V

THE MORGAN TRUST

SPEAKING generally, the transatlantic shipping busines may be said to consist of three great branches, viz the cargo, the steerage, and the cabin business. Th pool agreements that were concluded between th interested companies covered only the cargo busines and the steerage traffic. The condition which alon makes it possible for the owners to work the shippin business on remunerative lines is that all needless wast of material must be strictly banned. The great advan tage which was secured by concluding the pool agree ment was that it satisfied this condition during th more than twenty years of its existence, to the mutu profit of the associated lines. Each company knew tha the addition of new steamers to its fleet would only pa if part of a carefully considered plan, and if, in cours of time, such an increase of tonnage would give it claim to an increase of the percentage of traffic allotte to its services.

Much less satisfactory was the state of things wit regard to the third branch of the shipping busines viz. the cabin traffic. A regular "cabin pool," with *pro rata* distribution of the traffic, was never establishe although the idea had frequently been discussed. A that was achieved was an agreement as to the far charged by each company which were to be grade according to the quality of the boats it employed : its services. Owing to the absence of any more fa reaching understandings, and to the competition betwe

the various companies—each of which was constantly trying to outdo its competitors as regards the speed and comfort of its boats, in order to attract to its own services as many passengers as possible—the number of first-class boats increased out of all proportion to the actual requirements, and frequent and regular services were maintained by each line throughout the year. There was hardly a day on which first-class steamers did not enter upon voyages across the Atlantic from either side, and the result was that the boats were fully booked during the season only, i.e. in the spring and early part of summer on their East-bound, and in the latter part of summer and in the autumn on their West-bound, voyages. During the remaining months a number of berths were empty, and the fares obtainable were correspondingly unprofitable. Ballin, in 1902, estimated the unnecessary expenditure to which the companies were put in any single year owing to this unbusinesslike state of affairs at not less then 50 million marks. The desire to do away with conditions such as these by extending the pool agreement so as to develop it into a community-of-interest agreement of comprehensive scope was one of the two principal reasons leading to the formation of the Morgan Trust. The other reason was the wish to bring about a system of co-operation between the European and the American interests.

This desire was prompted by the recognition of the cardinal importance to the transatlantic shipping companics of the economic conditions ruling in the United States. The cargo business depended very largely on the importation of European goods into the United States, and on the exportation of American agricultural produce to Europe which varied from season to season according to the size of the crop and to the consuming capacity of Europe. The steerage business, of course, relied in the main on the capacity of the United States

for absorbing European immigrants, which capacity, though fluctuating, was practically unlimited. The degree of prosperity of the cabin business, however, was determined by the number of people who travelled from the States to Europe, either on business, or on pleasure, or to recuperate their health at some European watering-place, at the Riviera, etc. Social customs and the attractions which the Paris houses of fashion exercised on the American ladies also formed a considerable factor which had to be relied on for a prosperous season. In the transatlantic shipping business, in fact, America is pre-eminently the giving, and Europe the receiving, partner. Thus it was natural to realize the advisability of entering into direct relations with American business men.

To the Packetfahrt, and especially to Ballin, credit is due for having attempted before anybody else to give practical shape to this idea. His efforts in this direction date far back to the early years of his business career. We possess evidence of this in the form of a letter which he wrote in 1891 to Mr. B. N. Baker, who was at the head of one of the few big American shipping companies, the Atlantic Transport Company, the headquarters of which were at Baltimore, and which ran its services chiefly to Great Britain. Mr. Baker was a personal friend of Ballin's. The letter was written after some direct discussions had taken place between the two men, and its contents were as follows :—

" I replied a few days ago officially to your valued favour of the 4th ult. to the effect that in consonance with your expressed suggestion one of the Directors will proceed to New York in September with a view to conferring with you about the matter at issue.

" Having in the meantime made it a point to go more fully into your communication, I find that the opinions which I have been able to form on your propositions meet

your expressed views to a much larger extent than you will probably have supposed. I have not yet had an opportunity of talking the matter over with my colleagues, and I therefore do not know how far they will be prepared to fall in with my views. But in order to enable me to frame and bring forward my ideas more forcibly here, I think it useful to write to you this strictly confidential letter, requesting you to inform me—if feasible by cable—what you think of the following project:

"(1) You take charge of our New York Agency for the freight, and also for the passage business, etc.

"(2) You engage those of our officials now attached to our New York branch whom we may desire to retain in the business.

"(3) You take over half of our Baltimore Line in the manner that each party provides two suitable steamers fitted for the transport of emigrants. To this end I propose you should purchase at their cost price the two steamers which are in course of construction in Hamburg at present for our Baltimore Line (320 feet length, 40 feet beam, 27 feet moulded, steerage 8 feet, carrying 3,500 tons on 22 feet and about 450 steeragers, guaranteed to steam 11 knots, ready in October this year), and we to provide two similar steamers for this service. The earnings to be divided under a pool system.

"(4) Your concern takes up one million dollars of our shares with the obligation not to sell them so long as you control our American business. I may remark that just at present our shares are obtainable cheaply in consequence of the general depression prevailing in the European money market, and further, owing to the fact that only a small dividend is expected on account of the very poor return freight ruling from North America. I think you would be able to take the shares out of the market at an average of about 7 per cent. above par. We have paid in the last years since we concluded the pool with the Union Line, viz. in 1886 4 per cent., 1887 6 per cent., 1888 8½ per cent., 1889 11 per cent., 1890 8 per cent. in the way of dividends, and during this time we wrote off for depreciation and added to the reserve funds about 60 per cent.

"The position of our Company is an excellent one, our fleet consisting of modern ships (average age only about five years), and the book values of them being very low.

"I should be obliged to you for thinking the matter over and informing me—if possible by cable—if you would be prepared to enter into negotiations on this basis. I myself start from the assumption that it might be good policy for our Company to obtain in the States a centre of interest and a position similar to that held by the Red Star Line and the Inman Lines in view of their connexion with the Pennsylvania Railroad, etc. It further strikes me that if this project is brought into effect one of your concern should become a member of our Board. I should thank you to return me this letter which, as I think it right expressly to point out to you, contains only what are purely my individual ideas."

It may be assumed that the writing of this letter was prompted not only by the Packetfahrt's desire to strengthen its position in the United States, but also by its wish to obtain a foothold in Great Britain. This would enable it to exercise greater pressure on the competing British lines, which—indirectly, at least—still did a considerable portion of the Continental business. Ballin's suggestion did not lead to any practical result at the time, but was taken up again eight years later, in 1899, on the advice of Mr. (now Lord) Pirrie, of Messrs. Harland and Wolff, of Belfast. Important interests, partly of a financial character, linked his firm to British transatlantic shipping; and his special reason for taking up Ballin's proposal was to prevent an alliance between Mr. Baker's Atlantic Transport Company and the British Leyland Line, a scheme which was pushed forward from another quarter. He induced Mr. Baker to come to Europe so that the matter might be discussed directly. The attractiveness of the idea to Ballin was still further enhanced by the circumstance that the Atlantic Transport Line also controlled the

National Line which maintained a service between New York and London, and was, indeed, the decisive factor on the New York-London route. Ballin, accordingly, after obtaining permission from the Board of Trustees, went to London, where he met Mr. Baker and Mr. Pirrie.

It soon became clear, however, that the Board of Trustees did not wish to sanction such far-reaching changes. When Ballin cabled the details of the scheme to Hamburg, it was seen that 25 million marks—half the amount in shares of the Packetfahrt—would be needed to carry it through. Thus the discussions had to be broken off; but the attitude which the Board had taken up was very much resented by Ballin. Subsequent negotiations which were entered into in the early part of 1900 in Hamburg at the suggestion of Mr. Baker also failed to secure agreement, and shortly afterwards the American company was bought up by the Leyland Line.

At the same time a movement was being set on foot in the United States which aimed at a strengthening of the American mercantile marine by means of Government subsidies. This circumstance suggested to Mr. Baker the possibility of setting up an American shipping concern consisting of the combined Leyland and Atlantic Transport Company lines together with the British White Star Line, which was to profit by the expected legislation concerning shipping subsidies. Neither the latter idea, however, nor Mr. Baker's project assumed practical shape; but the Atlantic Transport-Leyland concern was enlarged by the addition of a number of other British lines, viz. the National Line, the Wilson-Furness-Leyland Line, and the West Indian and Pacific Line, all of which were managed by the owner of the Leyland Line, Mr. Ellerman, the well-known British shipping man of German descent. The

tonnage represented by these combined interests amounted to half a million tons, and the new combine was looked upon as an undesirable competitor, by both the Packetfahrt and the British lines. The dissatisfaction felt by the latter showed itself, among other things, in their refusal to come to any mutual understanding regarding the passenger business. In the end, Mr. Baker himself was so little pleased with the way things turned out in practice that he severed his connexion with the other lines shortly afterwards, and once more the question became urgent whether it would be advisable for the Packetfahrt—either alone, or in conjunction with the White Star Line and the firm of Messrs. Harland and Wolff—to purchase the Atlantic Transport Line.

That was the time when Mr. Pierpont Morgan's endeavours to create the combine, which has since then become known as the Morgan Trust, first attracted public attention. Ballin's notes give an exhaustive description of the course of the negotiations which lasted nearly eighteen months and were entered into in order to take precautions against the danger threatening from America, whilst at the same time they aimed at some understanding with Mr. Morgan, because the opportunity thus presented of setting up an all-embracing organization promoting the interests of all the transatlantic steamship concerns seemed too good to be lost. Ballin's notes for August, 1901, contain the following entry:

"The grave economic depression from which Germany is suffering is assuming a more dangerous character every day. It is now spreading to other countries as well, and only the United States seem to have escaped so far. In addition to our other misfortunes, there is the unsatisfactory maize-crop in the States which, together with the other factors, has demoralized the

whole freight business within an incredibly short space of time. For a concern of the huge size of our own such a situation is fraught with the greatest danger, and our position is made still worse by another circumstance. In the States, a country whose natural resources are wellnigh inexhaustible, and whose enterprising population has immensely increased its wealth, the creation of trusts is an event of everyday occurrence. The banker, Pierpont Morgan—a man of whom it is said that he combines the possession of an enormous fortune with an intelligence which is simply astounding—has already created the Steel Trust, the biggest combination the world has ever seen, and he has now set about to lay the foundations for an American mercantile marine."

A short report on the position then existing which Ballin made for Prince Henckell-Donnersmarck, who had himself called into being some big industrial combinations, is of interest even now, although the situation has entirely changed. But if we want to understand the position as it then was we must try to appreciate the views held at that time, and this the report helps us to do. Ballin had been referred to Prince Henckell-Donnersmarck by the Kaiser, who had a high opinion of the latter's business abilities, and who had watched with lively interest the American shipping projects from the start, because he anticipated that they would produce an adverse effect on the future development of the German shipping companies. The report is given below :—

"In 1830 about 90 per cent. of the United States seaborne trade was still carried by vessels flying the American flag. By 1862 this percentage had gone down to 50 per cent., and it has shown a constant decrease ever since. In 1880 it had dwindled down to 16 per cent., and in 1890 to as low a figure as 9 per cent. During recent years this fall-

ing off, which is a corollary of the customs policy pursu by the United States, has given rise to a number of legisl tive measures intended to promote the interests of Americ shipping by the granting of Government subsidies. N practical steps of importance, however, have been taken far; all that has been done is that subsidies have be granted to run a North Atlantic mail service maintained l means of four steamers, but no success worth mentionir has been achieved until now.

" Quite recently the well-known American banker, M J. Pierpont Morgan, conjointly with some other big America capitalists, has taken an interest in the plan. The followir facts have become known so far in connexion with his efforts

" Morgan has acquired the Leyland Line, of Liverpoc which, according to the latest register, owns a fleet of 5 vessels, totalling 155,489 gross register tons. This purcha includes the West India and Pacific Line, which was absorbe into the Leyland Line as recently as a twelvemonth ag The Mediterranean service formerly carried on by the Ley land Line has not been acquired by Morgan. He has, how ever, added the Atlantic Transport Company. Morgan' evident intention is to form a big American shippin trust, and I have received absolutely reliable informatio to the effect that the American Line and the Red Star Lin are also going to join the combine. The shares of the tw last-named lines are already for the most part in America hands, and both companies are being managed from Ne York. Both lines together own 23 steamers representin 86,811 tons.

" A correct estimate of the size of the undertaking ca only be formed if the steamers now building for the variou companies, and those that have been aded to their fleet since the publication of the register from which the abov figures are taken, are also taken into account. These vessel represent a total tonnage of about 200,000 tons, so that th new American concern would possess a fleet representin 430,000 gross register tons. The corresponding figures fo the Hamburg-Amerika Linie and for the Lloyd, includin steamers building, are 650,000 and 600,000 tons respectively

" The proper method of rightly appreciating the import

ance of the American coalition is to restrict the comparison, as far as the two German companies are concerned, to the amount of tonnage which they employ in their services to and from United States ports. If this is borne in mind, we arrive at the following figures: German lines—390,000 G.R.T.; American concern—about 430,000 G.R.T. These figures show that, as regards the amount of tonnage employed, the Morgan Trust is superior to the two German companies on the North Atlantic route. It can also challenge comparison with the regular British lines—grand total, 438,566 G.R.T.

"In all the steps he has taken, Morgan, no doubt, has been guided by his confidence in his ability to enforce the passing of a Subsidy Act by Congress in favour of his undertaking. So long as he does not succeed in these efforts of his he will, of course, be obliged to operate the lines of which he has secured control under foreign flags. Up to the present only four steamers of the American Line, viz. the *New York*, *Philadelphia*, *St. Louis*, and *St. Paul*, are flying the United States flag, whereas the remaining vessels of the American Line, and those of the Leyland, the West India and Pacific, the American Transport, the National, and the Furness-Boston lines, are sailing under the British, and those of the Red Star Line under the Belgian flag.

"The organization which Mr. Morgan either has created, or is creating, is not in itself a danger to the two German shipping companies; neither can it be said that the Government subsidies—provided they do not exceed an amount that is justified by the conditions actually existing—are in themselves detrimental to the German interests. The real danger, however, threatens from the amalgamation of the American railway interests with those of American shipping.

"It is no secret that Morgan is pursuing his far-reaching plans as the head of a syndicate which comprises a number of the most important and most enterprising business men in the United States, and that the railway interests are particularly well represented in it. Morgan himself, during his stay in London a few months ago, stated to some British shipping men that, according to his estimates, nearly 70 per cent. of the goods which are shipped to Europe from the North Atlantic ports are carried to the latter by the rail-

roads on Through Bills of Lading, and that their furtl transport is entrusted to foreign shipping companies. and his friends, Morgan added, did not see any reason w the railroad companies should leave it to foreign-own companies to carry those American goods across the Atlant It would be much more logical to bring about an amalgan tion of the American railroad and shipping interests for t purpose of securing the whole profits for American capit

"This projected combination of the railroad and s borne traffic is, as I have pointed out, a great source danger to the foreign shipping companies, as it will exp them to the possibility of finding their supplies from t United States *hinterland* cut off. This latter traffic is i dispensable to the remunerative working of our Nor American services, and it is quite likely that Morgan's stat ment that they amount to about 70 per cent. of the tot sea-borne traffic is essentially correct."

The negotiations which Ballin carried on in th connexion are described as follows in his notes :—

"When I was in London in July (1901), I had an opp tunity of discussing this American business with Mr. Pirr Pirrie had already informed me some time ago that h would like to talk to me on this subject, but he had nev indicated until then that Morgan had actually instruct him to discuss matters with me. A second meeting to place at which Ismay (the chairman of the White Star Lin was present in addition to Pirrie and myself, and it w agreed that Pirrie should go to New York and find o from Morgan himself what were his plans regarding th White Star Line and the Hamburg-Amerika Linie.

"Shortly after Pirrie's return from the States I we to London to talk things over with him. He had alrea sent me a wire to say that he had also asked Mr. Wildi to take part in our meeting; and this circumstance induc me to call on Mr. Wilding when I passed through Southam ton *en route* for London. What he told me filled me wi as much concern as surprise. He informed me that th syndicate intended to acquire the White Star Line, b

that, owing to my relations with the Kaiser, the acquisition of the Hamburg-Amerika Linie was not contemplated. Morgan, he further told me, was willing to work on the most friendly terms with us, as far as this could be done without endangering the interests of the syndicate; but the fact was that the biggest American railroad companies had already approached the syndicate, and that they had offered terms of co-operation which were practically identical with a combination between themselves and the syndicate.

" In the course of the discussions then proceeding between Pirrie, Wilding, and myself the situation changed to our advantage, and I was successful in seeing my own proposals accepted, the essence of which was that, on the one hand, our independence should be respected, that the nationality of our company should not be interfered with, and that no American members should be added to our Board of Trustees; whilst, on the other hand, a fairly close contact was to be established between the two concerns, and competition between them was to be eliminated."

The draft agreement, which was discussed at these meetings in London (and which was considerably altered later on), provided that it should run for ten years, and that a mutual interchange of shares between the two concerns should be effected, the amount of shares thus exchanged to represent a value of 20 million marks (equivalent to 25 per cent. of the joint-stock capital of the Hamburg-Amerika Linie). Mutual participation was provided for in case of any future increase in the capital of either company; but the American concern was prohibited from purchasing any additional shares of the Hamburg-Amerika Linie. The voting rights for the Hamburg shares should be assigned to Ballin for life, and those for the American shares to Morgan on the same terms. Instead of actually parting with its shares, the Hamburg company was to have the option of paying their equivalent in steamers. The agreement emphasized that, whilst recognizing the desirability of

as far-reaching a financial participation as possibl Ballin did not believe that, with due regard to Germa public opinion and to the wishes of the Imperial Gover ment, he was justified in recommending an interchan of shares exceeding the amount agreed upon. Tl American concern was prohibited from calling at a German ports, and the Hamburg company agreed n to run any services to such European ports as we served by the other party. A pool agreement coveri the cabin business was entered into; and with respe to the steerage and cargo business it was agreed th the existing understandings should be maintained un they expired, and that afterwards a special unde standing should be concluded between both contracti parties.

Immediately after Ballin's return to Hamburg tl Board of Trustees unanimously expressed its agreeme in principle with the proposals.

"For my own part," Ballin says in his notes c these matters, "I declared that I could only rega the practical execution of these proposals as possib if they receive the unequivocal assent of the Kais and of the Imperial Chancellor. Next evening I w surprised to receive two telegrams, one from the Lo Chamberlain's office, and one from the Kaiser, comman ing my presence on the following day for dinner the Hubertusstock hunting lodge of the Kaiser, whe I was invited to stay until the afternoon of the secor day following. I left for Berlin on the same evenin October 16th (1901); and, together with the Chancellc I continued my journey the following day to Eber walde. At that town a special carriage conveyed to Hubertusstock, where we arrived after a two-hou drive, and where I was privileged to spend two unfo gettable days in most intimate intercourse with tl Kaiser. The Chancellor had previously informed n

that the Kaiser did not like the terms of the agreement, because Metternich had told him that the Americans would have the right to acquire 20 million marks' worth of our shares. During an after-dinner walk with the Kaiser, on which we were accompanied by the Chancellor and the Kaiser's A.D.C., Captain v. Grumme, I explained the whole proposals in detail. I pointed out to the Kaiser that whereas the British lines engaged in the North Atlantic business were simply absorbed by the trust, the proposed agreement would leave the independence of the German lines intact. This made the Kaiser inquire what was to become of the North German Lloyd, and I had to promise that I would see to it that the Lloyd would not be exposed to any immediate danger arising out of our agreement, and that it would be given an opportunity of becoming a partner to it as well. The Kaiser then wanted to see the actual text of the agreement as drafted in London. When I produced it from my pocket we entered the room adjacent to the entrance of the lodge, which happened to be the small bedroom of Captain v. Grumme; and there a meeting, which lasted several hours, was held, the Kaiser reading out aloud every article of the agreement, and discussing every single item. The Kaiser himself was sitting on Captain v. Grumme's bed; the Chancellor and myself occupied the only two chairs available in the room, the Captain comfortably seating himself on a table. The outcome of the proceedings was that the Kaiser declared himself completely satisfied with the proposals, only commissioning me, as I have explained, to look after the interests of the North German Lloyd.

"On the afternoon of the following day, after lunch, the Chancellor and I returned to Berlin, this giving me a chance of discussing with the former—as I had previously done with the Kaiser—every question of

importance. On October 18th I arrived back Hamburg."

The negotiations with the North German Lloyd wh Ballin had undertaken to enter upon proved to be v difficult, the Director General of that company, Wiegand, not sharing Ballin's views with respect the American danger and the significance of the Americ combination. After Ballin, however, had explained proposals in detail, the Lloyd people altered their p viously held opinion, and in the subsequent Lond discussions, which were resumed in November, the P sident of the Lloyd, Mr. Plate, also took part. Nev theless, it was found impossible to agree definitely th and then, and a further discussion between the t directors general took place at Potsdam on Novemb 13th, both of them having been invited to dinner the Kaiser, who was sitting between the two gentlem at the table. Ballin's suggestion that he and Dr. Wiega should proceed to New York in order to ascertain whetl the shipping companies and the American railroads h actually entered into a combination, was heartily second by the Kaiser, and was agreed to by Dr. Wiegar The Lloyd people, however, were still afraid that t proposed understanding would jeopardize the indepen ence of the German lines ; but Ballin, by giving detail explanations of the points connected with the financ provisions, succeeded in removing these fears, and t Board of Trustees of the Lloyd expressed themsel satisfied with these explanations. They insisted up the omission of the clauses dealing with the financ participation, but agreed to the proposals in eve other respect.

The arrangements for such mutual exchange shares were thereupon dropped in the final drafting the agreement, and were replaced by a mutual parti patiou in the distribution of dividends, the Americ

concern guaranteeing the German lines a dividend of 6 per cent., and only claiming a share in a dividend exceeding that figure. This change owed its origin to a proposal put forward by Mr. v. Hansemann, the Director of the Discouto-Gesellschaft, who had taken an active interest in the development of the whole matter.

In the course of the negotiations the Lloyd made a further proposal by which it was intended to safeguard the German national character of the two great shipping companies. It was suggested that a corporation—somewhat similar to the Preussische Sechandlung—should be set up by the Imperial Government with the assistance of some privately owned capital. This corporation should purchase such a part of the shares of each company as would defeat any attempts at destroying their national character. Ballin, however, to whom any kind of Government interference in shipping matters was anathema, would have nothing to do with this plan, and thus it fell through.

Ballin thereupon having informed the Kaiser in Kiel on board the battleship *Kaiser Wilhelm II* regarding the progress of the negotiations, a further meeting with the Lloyd people took place early in December, which led to a complete agreement among the two German companies as to the final proposals to be submitted to the American group; and shortly afterwards, at a meeting held at Cologne, agreement was also secured with Mr. Pirrie. The final discussions took place in New York early in February, Ballin and Mr. Tietgens, the chairman of the Board of Directors, acting on behalf of the Hamburg-Amerika Linie, and President Plate and Dr. Wiegand on that of the Lloyd. Meanwhile, Morgan's negotiations with the White Star Line and other British companies had also led to a successful

termination. Concerning the New York meetings find an interesting entry in Ballin's diary:

"In the afternoon of February 13th, 1902, Messrs. Griscc Widener, Wilding, and Battle, and two sons of Mr. Grisc met us in conference. Various suggestions were put forw in the course of the proceedings which necessitated furtl deliberations in private between ourselves and the Brer gentlemen, and it was agreed to convene a second gene meeting at the private office of Mr. Griscom on the 1 floor of the Empire Building. This meeting was held the forenoon of the following day, and a complete agreem was arrived at concerning the more important of the qu tions that were still open. I took up the position that t combine would only be able to make the utmost possi use of its power if we succeeded in securing control of t Cunard and Holland American Lines. I was glad to fi that Mr. Morgan shared my view. He authorized me negotiate on his behalf with Director Van den Toorn, t representative of the Holland American Line, and after a ser of meetings a preliminary agreement was reached givi Morgan the option of purchasing 51 per cent. of the sha of the Holland American Line. Morgan undertook to ne tiate with the Cunard Line through the intermediary of so British friends. It has been settled that, if the control the two companies in question is secured to the combi one half of it should be exercised by the American grou and the other half should be divided between the Llo and ourselves. This arrangement will assure the Germ lines of a far-reaching influence on the future developme of affairs.

"On the following Thursday the agreements, which we meanwhile ready in print, were signed. We addressed a joi telegram to the Kaiser, informing him of the definite cc clusion of the agreement, to which he sent me an exceeding gracious reply. The Kaiser's telegram was dispatched fr Hubertusstock, and its text was as follows:

"'Ballin, Director General of the Hamburg-Ameri Linie, New York. Have received your joint message wi sincere satisfaction. Am especially pleased that it reach

me in the same place where the outlines gained form and substance in October last. You must be grateful to St. Hubertus. He seems to know something about shipping as well. In recognition of your untiring efforts and of the success of your labours I confer upon you the Second Class of my Order of the Red Eagle with the Crown. Remember me to Henry.—WILHELM I.R.'

"Morgan gave a dinner in our honour at his private residence which abounds in treasures of art of all descriptions, and the other gentlemen also entertained us with lavish hospitality. Tietgens and I returned the compliment by giving a dinner at the Holland House which was of special interest because it was attended not only by the partners of Morgan, but also by Mr. Jacob Schiff, of Messrs. Kuhn, Loeb & Co., who had been Morgan's opponents in the conflict concerning the Northern Pacific. During the following week the Lloyd provided a big dinner on board the *Kronprinz Wilhelm* for about 200 invited guests.

"Prince Henry of Prussia was one of the passengers of the *Kronprinz Wilhelm* which, owing to the inclemency of the weather, arrived in New York one day behind her scheduled time. On the day of her arrival—Sunday, February 23rd—I had dinner on board the *Hohenzollern*. We also took part in a number of other celebrations in honour of the Prince. Especially memorable and of extraordinary sumptuousness was the lunch at which Mr. Morgan presided, and at which one hundred captains of industry—leading American business men from all parts of the States—were present. On the evening of the same day the press dinner took place which 1,200 newspaper men had arranged in honour of the Prince. Mr. Schiff introduced me to Mr. Harriman, the chairman of the Union Pacific, with whom I entered into discussions concerning our participation in the San Francisco-Far East business."

At the request of the American group the publication of the agreement was delayed for some time, because it was thought desirable to wait for the final issue of the Congress debates on the Subsidies Bill. A report

which Ballin, after some further discussion with Mor and his London friends had taken place, made for German Embassy in London, describes the situation it appeared in April, 1902. It runs as follows:

"(1) Acquisition of the joint control of the Cunard L by the two German companies and the American syndic On this subject discussions have taken place with L Inverclyde, the chairman of the Cunard Line. Neither L Inverclyde nor any of the other representatives of Brit shipping interests objected in any way to the propo transaction for reasons connected with the national inter He said, indeed, that he thought the syndicate should content itself with purchasing 51 per cent. of the sha but that it should rather absorb the whole company stead. The purchase price he named appeared to me so what excessive; but he has already hinted that he wo be prepared to recommend to his company to accep lower offer, and it is most likely that the negotiations lead to a successful issue, unless the British Governm should pull itself together at the eleventh hour.

"(2) Public announcement of the formation of Combine. Whereas until quite recently the Ameri gentlemen maintained that it would be advisable to w for the conclusion of the negotiations going on at Washi ton with respect to the proposed subsidy legislation, Morgan now shares my view that it is not desirable to so any longer, but that it would be wiser to proceed with any regard to the intentions of Washington. The combi therefore—unless unexpected obstacles should interven will make its public appearance within a few weeks.

"(3) The British Admiralty. An agreement exists tween the British Admiralty and the White Star Line c ceding to the former the right of pre-emption of the th express steamers *Oceanic*, *Teutonic*, and *Majestic*. T agreement also provides that the White Star Line, agai an annual subsidy from the Government, must place th boats at the disposal of the Admiralty in case of war. T First Lord has now asked Mr. Ismay whether there is a

truth in the report that he wants to sell the White Star Line; and when he was told that such was the case, he declared that, this being so, he would be compelled to exercise his right of pre-emption.

"It would be extremely awkward in the interests of the combine if the three vessels had to be placed at the service of the Admiralty, especially as it is probable that they would be employed in competition with the combine. Therefore a compromise has been effected in such a form that Mr. Morgan is to take over the agreement on behalf of the combine for the three years it has still to run. This means that the steamers will continue to fly the British flag for the present, and that they must be placed at the disposition of the Admiralty in case of war. The Admiralty suggested an extension of the terms of the agreement for a further period of three years; but it was content to withdraw its suggestion when Mr. Morgan declined to accept it. The agreement does not cover any of the other boats of the line which are the biggest cargo steamers flying the Union Jack, and consequently no obligations have been incurred with respect to these.

"(4) Text of the public announcement. A memorandum is in course of preparation fixing the text of the announcement by which the public is to be made acquainted with the formation of the combine. In compliance with the wishes emanating from prominent British quarters, the whole transaction will be represented in the light of a big Anglo-American 'community of interest' agreement; and the fact that it virtually cedes to the United States the control of the North Atlantic shipping business will be kept in the background, as far as it is possible to do so."

The first semi-official announcement dealing with the combine was published on April 19th by the British Press, and at an Extraordinary General Meeting of the Hamburg-Amerika Linie on May 28th, the public was given some carefully prepared information about the German-American agreement. At that meeting Dr. Diederich Hahn, the well-known chairman of the *Bund*

der Landwirte (Agrarian League), rose, to everybod surprise, to inquire if it was the case that the natio interests, and especially the agricultural interests Germany, would be adversely affected by the agreeme The ensuing discussion showed Ballin at his best. allayed Dr. Hahn's fears lest the American influence the combination would be so strong as to eliminate t German influence altogether by convincing him th the whole agreement was built up on a basis of pari and that the German interests would not be jeopardiz in any way. The argument that the close connexi established between the trust and the American ra road companies would lead to Germany being flood with American agricultural produce he parried by poi ing out that the interests of the American railroads d not so much require an increased volume of expor but rather of imports, because a great disproporti existed between their eastbound and their westbou traffic, the former by far exceeding the latter, so th a further increase in the amount of goods carried fr the western part of the country to the Atlantic seapo would only make matters worse from the point remunerative working of their lines.

What Ballin thought of the system of Governme subsidies in aid of shipping matters is concisely e pressed by his remarks in a speech which he made the occasion of the trial trip of the s.s. *Blücher*, wh he said: "If it were announced to me to-day th the Government subsidies had been stolen overnigh I should heave a sigh of relief, only thinking wh a pity it was that it had not been done long ago."

In Great Britain the news that some big Briti shipping companies had been purchased by the Americ concern caused a great deal of public excitement. Ballin's diary we find the following entry under da of June 5th:

"In England, in consequence of the national excitement, a very awkward situation has arisen. Sir Alfred Jones and Sir Christopher Furness know how to make use of this excitement as an opportunity for shouldering the British nation with the burden which the excessive tonnage owned by their companies represents to them in these days of depression. King Edward has also evinced an exceedingly keen interest in these matters of late, which goes to show that what makes people in England feel most uncomfortable is not the passing of the various shipping companies into American hands, but the fact that the German companies have done so well over the deal. Mr. Morgan has had an interview with some of the British Cabinet ministers at which he declared his readiness to give the Government additional facilities as regards the supply of auxiliary cruisers. We are hopeful that such concessions will take the wind out of the sails of those who wish to create a counter-combination subsidized by grants-in-aid from the Government."

An outcome of the German-American arrangements was that Morgan and his friends were invited by the Kaiser to take part in the festivities connected with the Kiel Week. The American gentlemen were treated with marked attention by the Kaiser, and extended their visit so as to include Hamburg and Berlin as well.

At a conference of the transatlantic lines held in December, 1902, at Cologne, Ballin put forward once more his suggestion that a cabin pool should be established. The proposal, however, fell through owing to the opposition from the Cunard Line.

The depression in the freight business which had set in in 1901, and which was still very pronounced towards the close of 1902, seriously affected the prospects of the transatlantic shipping companies, especially those combined in the Morgan Trust, who were the owners of a huge amount of tonnage used in the cargo business, and whose sphere of action was restricted to the North

Atlantic route. "Experience now shows," Ballin wro in his notes, "that we were doing the right thing wh we entered into the alliance with the Trust. If we h not done this, the latter would doubtless have tried invade the German market in order to keep its mar idle ships going."

Meanwhile the Cunard Line had concluded an agre ment with the British Government by which the Gover ment bound itself to advance to the company the fun for the building of its two mammoth express liners, t *Mauretania* and the *Lusitania*, while at the same tin granting it a subsidy sufficient to provide for the pa ment of the interest on and for the redemption of t loan advanced by the Government for the building the vessels.

Further difficulties seemed to be ahead owing to t aggressive measures proposed by the Canadian Pacif Company, which was already advertising a service fro Antwerp to Canada. To ward off the danger threate ing from this quarter, Ballin proceeded to New Yo to take up negotiations with Sir Thomas Shaughness the president of the Canadian Pacific. He went the on behalf of all the Continental shipping compani concerned, and the results he arrived at were so sati factory to both parties that Ballin corresponded heue forth on terms of close personal friendship with S Thomas, who was one of the leading experts on railwa matters anywhere. These friendly relations were ver helpful to Ballin afterwards when he was engaged i difficult negotiations with other representatives of S Thomas's company, and never failed to ensure a successf understanding being arrived at.

On the occasion of this trip to America Ballin ha some interesting—or, as he puts it, "rather exciting —discussions with Morgan and his friends. He severel criticized the management of the affairs of the Trus

and tried to make Morgan understand that nothing short of a radical improvement—i.e. a change of the leading personages—would put matters right. "Morgan," he writes, "finds it impossible to get the right men to take their places, and he held out to me the most alluring prospects if I myself should feel inclined to go to New York as president of the Trust, even if only for a year or two; but I refused his offer, chiefly on account of my relations with the Kaiser."

Ballin's suggestions, nevertheless, led to a change in the management of the Trust. This was decided upon at meetings held in London, where Ballin stayed for a time on his way back to Hamburg. Mr. Pirrie also took part in these meetings.

In the meantime the relations between the Cunard Line and the other transatlantic shipping companies had become very critical. The Hungarian Government, for some time past, had shown a desire to derive a greater benefit from the considerable emigrant traffic of the country—a desire which was shared by important private quarters as well. The idea was to divert the stream of emigrants to Flume—instead of allowing them to cross the national frontiers uncontrolled—and to carry them from that port to the United States by direct steamers. Ballin had repeatedly urged that the lines which were working together under the pool agreement should fall in with these wishes of the Hungarian Government; but his proposals were not acted upon, mainly owing to the opposition of the North German Lloyd, which company carried the biggest share of the Hungarian emigrants.

To the great surprise of the pool lines it was announced in the early part of 1904 that the Hungarian Government was about to conclude an agreement with the Cunard Line—the only big transatlantic shipping company which had remained outside the Trust—by

which it was provided that the Cunard Line was run fortnightly services from Fiume, and by which t Hungarian Government was to bind itself to preve —by means of closing the frontiers or any other su able methods—emigrants from choosing any other rout leading out of the country. Such an agreement wou deprive the pool lines of the whole of their Hungari emigrant business. Discussions between Ballin and t representatives of the Cunard Line only elicited t statement on the part of the latter that it had no pow any longer to retrace its steps. An episode which to place in the course of these discussions is of speci interest now, as it enables us to understand why t amalgamation of the Cunard Line with the Morga Trust never took place.

Ballin asked Lord Inverclyde why the attitude the Cunard Line had been so aggressive throughou The reply was that the Morgan Trust, and not t Cunard Line, was the aggressor, because Morgan's ai was to crush it. When Ballin interposed that this ha never been intended by the Trust—that the Trust, indee had attempted to include the Cunard Line within t combination, that Lord Inverclyde himself had also mac a proposal towards that end, and that the project ha only come to grief on account of the strong feeling British public opinion against it—Lord Inverclyc answered that, far from this being the case, the Tru had never replied to his proposal, and that he had n even received an acknowledgment of his last letter.

In a letter to Mr. Boas, the general representati of his company in New York, in which he described t general situation, Ballin stated that the statement Lord Inverclyde was indeed quite correct.

The Hungarian situation became still more con plicated after the receipt of some information tha reached Ballin from Vienna to the effect that t

Austrian Government intended to imitate the example set by the Hungarian Government by running a service from Trieste. After prolonged discussions the Austrian Government also undertook not to grant an emigration licence to the Cunard Line so long as the struggle between the two competing concerns was not settled.

Thereupon this struggle of the pool lines—both the Continental and the British ones—against the Cunard Line was started in real earnest, not only for the British but also for the Scandinavian and the Fiume business. After some time negotiations for an agreement were opened in London in July on the initiative and with the assistance of Mr. Balfour, who was then President of the Board of Trade. These, however, led to no result, and a basis for a compromise was not found until August, 1904, when renewed negotiations took place at Frankfort-on-Main. A definite understanding was reached towards the close of the same year, and then at last this struggle, which was really one of the indirect consequences of the establishment of the Morgan Trust, came to an end.

Looked upon from a purely business point of view, the Morgan Trust—or, to call it by its real name, the "International Mercantile Marine Company," which in pool slang, was simply spoken of as the "Immco Lines"—was doubtless a failure. Only the World War, yielding, as it did, formerly unheard-of profits to the shipping business of the neutral and the Allied countries, brought about a financial improvement, but it is still too early to predict whether this improvement will be permanent. The reasons why the undertaking was bound to be unremunerative before the outbreak of the war are not far to seek, and include the initial failure of its promoters to secure the adhesion of the Cunard Line—a failure which, as is shown by Ballin's notes, was to a large extent due to the hesitating policy

of the Hamburg company. To make business as r
munerative as possible was the very object for whi
the Trust was formed, but the more economical worki
which was the means to reach this end could not
realized while such an essential factor as the Cuna
Line not only remained an outsider, but even became
formidable competitor.

It can hardly be doubted that the adhesion
the Cunard Line to the Morgan Trust—or, in oth
words, the formation of a combine including all t
important transatlantic lines without exception—wou
have brought about such a development of the pool id
as would have led to a much closer linking-up of t
financial interests of the individual partners than cou
be achieved under a pool agreement. Under such
" community of interest " agreement, every inducemer
to needless competition could be eliminated, ar
replaced by a system of mutual participation in t
net profits of each line. This was the ideal at whi
Ballin, taught by many years of experience, was aimin

Over and over again the pool lines had an oppo
tunity of finding out that it paid them better to con
to a friendly understanding, even if it entailed a sm
sacrifice, than to put up a fight against a new cor
petitor. Sometimes, indeed, an understanding was ma
desirable owing to political considerations. Howeve
the number of participants ultimately grew so large th
Ballin sarcastically remarked: " Sooner or later t
pool will have to learn how to get along without us
and he never again abandoned his plan of having
replaced by closely-knit community of interest agre
ments which would be worked under a centraliz
management, and therefore produce much better result
In other branches of his activities—e.g. in his agreemen
with the other Hamburg companies and in the o
with the Booth Line, which was engaged in the servi

to Northern Brazil, he succeeded in developing the existing understandings into actual community of interest agreements, and it seems that these have given all-round satisfaction. The negotiations between himself and the North German Lloyd shortly before the outbreak of the war were carried on with the same object.

Throughout the endless vicissitudes in the history of the pool the formation of the Morgan Trust decidedly stands out as the most interesting and most dramatic episode. At the present time the position of the German steamship companies in those days seems even more imposing than it appeared to the contemporary observer. To-day we can hardly imagine that some big British lines should, one after the other, be offered for purchase first to some German, and then to the American concerns. Such a thing was only possible because at that time British shipping enterprise was more interested in the employment of tramp steamers than in the working of regular services, the shipowners believing that greater profits could be obtained by the former method. The result was a noticeable lack of leading men fully qualified to speak with authority on questions relating to the regular business, whereas in Germany such men were not wanting. The transatlantic business threatened, in fact, to become more and more the prerogative of the German-American combination. To-day, of course, it is no longer possible to say with certainty whether the Cunard Line could have been induced to join that combination, if the right moment had not been missed. The great danger with which British shipping was threatened at that time, and the great success which the German lines achieved, not only stirred British public opinion to its depths, but also acted as a powerful stimulus on the shipping firms themselves. This caused a pronounced revival of regular line shipping, which went so far that tramp shipping

became less and less important, and which ultimate led to a concentration of the former within the fran work of a few large organizations which exercise a cor spondingly strong influence on present-day British shi ping in general. These organizations differ from t big German companies by the circumstance that th represent close financial amalgamations and that th have not, like the German companies, grown up slow and step for step with the expanding volume transatlantic traffic.

CHAPTER VI

The Expansion of the Hamburg-Amerika Linie

The principal work which fell to Ballin's share during the period immediately following his nomination in 1888 on the Board of his company was that connected with the introduction of the fast steamers and the resulting expansion of the passenger business. Offices were established in Berlin, Dresden, and Frankfort-on-Main in 1890, and arrangements were made with the Hamburg-South American S.S. Co., the German East Africa Line, and the Hansa Line—the latter running a service to Canada—by which these companies entrusted the management of their own passenger business to the Packetfahrt. Thus, step by step, the passenger department developed into an organization the importance of which grew from year to year.

The expansion of the passenger business also necessitated an enlargement of the facilities for the dispatch of the Company's steamers. This work had been effected until then at the northern bank of the main Elbe, but in 1888 it was transferred to the Amerika-Kai which was newly built at the southern bank; and when the normal depth of the fairway of the Elbe was no longer sufficient to enable the fast steamers of considerable draught to come up to the city, it was decided to dispatch them from Brunshausen, a small place situated much lower down the Elbe. In the long run, however, it proved very inconvenient to manage the passenger dispatch from there, and the construction of special port facilities at Cuxhaven owned by the Company was taken in hand. The accommodation at the Amerika-

Kai, although it was enlarged as early as 1889, soon found to be inadequate, so that it was resolved provide new accommodation at the Petersen-Kai, s ated on the northern bank of the Elbe, and this pro was carried out in 1893.

The number of services run by the Company augmented in those early years by the establishm of a line to Baltimore and another to Philadelphia. 1889 a new line starting from New York was opened Venezuelan and Colombian ports. The North Atla services were considerably enlarged in 1892, when Company took over the Hansa Line.

The desire to find remunerative employment for fast steamers during the dead season of the North Atla passenger business prompted the decision to enter t boats into a service from New York to the Mediterran during the winter months. The same desire, howe also gave rise to one of the most original ideas ca into practice through Ballin's enterprise, i.e. the in tution of pleasure trips and tourist cruises. It m perhaps be of interest to point out in this connex that, about half a century earlier, another Hamb shipping man had thought of specially fitting ou vessel for an extended cruise of that kind. I do know whether this plan was carried out at the ti and whether Ballin was indebted to his predecessor the whole idea; in any case, the following advert ment which appeared in the *Leipziger Illustrierte Zeit* and which I reprint for curiosity's sake, was found am his papers.

"AN OPPORTUNITY FOR TAKING PART IN A VOYAGE ROUND THE WORLD

"The undersigned Hamburg shipowner proposes to ec one of his large sailing vessels for a cruise round the wc to start this summer, during which the passengers will

able to visit the following cities and countries, viz. Lisbon, Madeira, Teneriffe, Cap Verde Islands, Rio de Janeiro, Rio de la Plata, Falklands Islands, Valparaiso, and all the intermediate ports of call on the Pacific coast of South America as far as Guayaquil (for Quito), the Marquesas Islands, Friendly Islands (Otaheite), and other island groups in the Pacific, China (Choosan, Hongkong, Canton, Macao, Whampoa), Manilla, Singapore, Ceylon, Île de France or Madagascar, the Cape of Good Hope, St. Helena, Ascension Island, the Azores, and back to Hamburg.

"The cruise is not intended for business purposes of any kind; but the whole equipment and accommodation of the vessel, the time spent at the various ports of call, and the details of the whole cruise, are to be arranged with the sole object of promoting the safety, the comfort, the entertainment, and the instruction of the passengers.

"Admission will be strictly confined to persons of unblemished repute and of good education, those possessing a scientific education receiving preference.

"The members of the expedition may confidently look forward to a pleasant and successful voyage. A first-class ship, an experienced and well-educated captain, a specially selected crew, and a qualified physician are sufficient guarantees to ensure a complete success.

"The fare for the whole voyage is so low that it only represents a very slight addition to the ordinary cost of living incurred on shore. In return, the passenger will have many opportunities of acquiring a first-hand knowledge of the wonders of the world, of the beautiful scenery of the remotest countries, and of the manners and customs of many different nations. During the whole voyage he will be surrounded by the utmost comfort, and will enjoy the company of numerous persons of culture and refinement. The sea air will be of immeasurable benefit to his health, and the experience which he is sure to gain will remain a source of pleasure to him for the rest of his life.

"Full particulars may be had on application to the undersigned, and a stamped envelope for reply should be enclosed.

"ROB. M. SLOMAN,

"*Hamburg, January*, 1845. *Shipowner in Hamburg.*"

Ballin's idea of running a series of pleasure cru did not meet with much support on the part of his a ciates; the public, however, took it up with enthusi from the very start. Early in 1891 Ballin himself t part in the first trip to the Far East on board the exp steamer *Auguste Victoria*. Organized pleasure trips a small scale were by no means an entire novelty Germany at that time; the Carl Stangen Tourist O in Berlin, for instance, regularly arranged such ex sions, including some to the Far East, for a limi number of participants. To do so, however, for many as 241 persons, as Ballin did, was someth unheard-of until then, and necessitated a great deal of painstaking preparation. Among other things, itinerary of the intended cruise, owing to the size the draught of the steamer used, had to be carefu worked out in detail, and arrangements had to be m beforehand for the hotel accommodation and for conveyance of passengers during the more exten excursions on shore. All these matters gave plenty scope to the organizing talents of the youthful direc and he passed the test with great credit.

The first Far Eastern cruise proved so great a suc that it was repeated in 1892. In the following y it started from New York, surely a proof that the C pany's reputation for such cruises was securely est lished not in Germany alone, but in the States as w Meanwhile, however, Hamburg had been visited by terrible catastrophe which enormously interfered w the smooth working of the Company's express stea services. This was the cholera epidemic during summer of 1892. It lasted several weeks, and th sands of inhabitants fell victims to it. Those who w staying in Hamburg in that summer will never for the horrors of the time. In the countries of North Europe violent epidemics were practically unkno

and the scourge of cholera especially had always been successfully combated at the eastern frontier of Germany, so that the alarm which spread over the whole country, and which led to the vigorous enforcement of the most drastic measures for isolating the rest of Germany from Hamburg, may easily be comprehended, however ludicrous those measures in some instances might appear. There are no two opinions as to the damage they inflicted on the commerce and traffic of the city. The severest quarantine, of course, was instituted in the United States, and the passenger services to and from Hamburg ceased to be run altogether, so that the transatlantic lines decided to temporarily suspend the steerage pool agreement they had just concluded. The Packetfahrt, in order not to stop its fast steamer services completely, first transferred them to Southampton, and afterwards to Wilhelmshaven, thus abstaining from dispatching these boats to and from Hamburg. The steerage traffic had to be discarded entirely, after an attempt to maintain it, with Stettin as its home port, had failed. Financially this epidemic and its direct consequences brought the Company almost to the verge of collapse, and the Packetfahrt had to stop altogether the payment of dividends for 1892, 1893, and 1894.

Business was resumed in 1893, but at first it was very slow. Every means were tried to induce the United States to rescind her isolation measures. An American doctor was appointed in Hamburg; disinfection was carried out on a large scale; with great energy the city set herself to prevent the recurrence of a similar disaster. The Packetfahrt, in conjunction with the authorities, designed the plans for building the emigrants' halls situated at the outskirts of the city, which are unique of their kind and are still looked upon as exemplary. These plans owe their origin to the extremely talented

Hamburg architect, Mr. Thielen, whose early deat greatly to be regretted.

An important innovation was the establishmen regular medical control and medical treatment for emigrants from the East of Europe on their reaching German frontier, a measure which was decided upon taken in hand by the Prussian Government. The pansion of the Packetfahrt's business, of course, most adversely affected by the epidemic and its a effects; and several years of consolidation were ne before the latter could be overcome. Consequer hardly any new services were opened during the y immediately following upon the epidemic.

An important step forward, which greatly strengthe the earning capacities of the Company's resources, taken in 1895, when the building orders for the stea of the "P" class were given. These vessels wer large size but of moderate speed. They were extrer seaworthy, and were capable of accommodating a g many passengers, especially steeragers, as well a carrying large quantities of cargo. The numbe services run by the Company was added to in by a line from New York to Italy, and in the follo year by one from Italy to the River Plate. Pool a ments were concluded with the Lloyd and the A Line with respect to the first-named route, and the Italian steamship companies with respect to other. The agreement with the Italians, however, not become operative until a few years afterwards.

In 1897 the Packetfahrt celebrated the fiftieth a versary of its existence—an event in which large sec of the public took a keen interest. Perhaps the noteworthy among the immense number of letter congratulation which the Company received on occasion is the one sent by the chairman of the Cu Line, of which the verbatim text is given below

was addressed to one of the directors in reply to an invitation to attend the celebrations in person.

"It is with great regret I have to announce my inability to join with you in celebrating the fiftieth anniversary of the foundation of your Company, to be held on board your s.s. *Auguste Victoria*.

"I the more regret this as I have the greatest possible admiration of the skill and enterprise which has directed the fortunes of your Company, especially in recent years.

"You were the first to give the travelling public the convenience of a speedy and reliable transit between the two great continents of the world by initiating a regular service of twin-screw steamers of high speed and unexceptionable accommodation.

"You also set the shipping world the example of the great economy possible in the transit of the world's commodities in vessels of greatly increased capacity and proportionate economy, which other nations have been quick to follow and adopt to their great advantage.

"Your Company had furthermore met a felt want in giving most luxurious and well-appointed accommodation for visiting scenes, both new and old, of world-wide interest, and making such journeyings, hitherto beset with anxiety and difficulty, as easy of accomplishment as the ordinary railway journey at home.

"You have succeeded in this, not through any adventitious aids, such as Government subsidies, but by anticipating and then meeting the wants of the travelling and commercial public; and no one, be his nationality what it was, can, in the face of such facts, abstain from offering his meed of praise to the foresight, acumen, and ability that have accomplished such great results in such a comparatively small time as the management and direction of the Hamburg-American Packet Company.

"I would venture, therefore, to thus congratulate you and your colleagues, and whilst reiterating my regret at being prevented from doing so at your forthcoming meeting, allow me the expression of the wish that such meeting may be

a happy and satisfactory one, and that a new era of, if poss increased success to the Hamburg-American Packet Com may take date from it."

Towards the latter end of the 'nineties, at las big expansion of the Company's activities set in. 1897 the Hamburg-Calcutta Line was purchased, the service was discontinued, the steamers thus acqu being used for other purposes. Shortly before the c of the same year a suggestion was put forward by s Hamburg firms that were engaged in doing busi with the Far East that the Packetfahrt should ru service to that part of the world.

Just then the steamship companies engaged in Far Eastern trade were on the point of coming to a agreement among themselves; and the managemen the Packetfahrt which, owing to the offer held out to it Hamburg, Antwerp, and London firms, could hope to on finding a sure basis for its Far Eastern business, not consider it wise to let the favourable opportu slip. Quick decision and rapid action, before the p posed agreement of the interested lines had become accomplished fact, were necessary; because, once gates were closed, an outsider would find it difficult gain admission to the ring.

Hence the negotiations with a view to the Pack fahrt joining in the Far Eastern business, which had o been started during the second half of December, 18 came to a close very soon; and in the early days January, 1898, the Packetfahrt advertised its intent of running monthly sailings to Penang, Singapore, Ho kong, Shanghai, Yokohama, and Hiogo. Six ca steamers of 8,000 tons burden were entered into new service; and simultaneously an announcement w made to the effect that large fast passenger boats wo be added to it as soon as the need for these should m itself felt.

The participation in the Far Eastern business, and the consequent taking over of competing lines or the establishment of joint services with them, was not the only important event of the year 1898 as far as the development of the Packetfahrt is concerned. In the spring of that same year an agreement was made with the Philadelphia Shipping Company—which, in its turn, had an agreement with the Pennsylvania Railroad Company—by which the Packetfahrt undertook to run a regular service of cargo steamers between Hamburg and Philadelphia.

An event of still greater importance, however, was the outbreak of war between the United States and Spain which also took place in that year. The Spanish Government desired to strengthen the fighting power of its navy by the addition of several auxiliary cruisers; and even some time before the war broke out an offer reached the Packetfahrt through the intermediary of a third party to purchase its two express steamers, *Columbia* and *Normannia*, which were among the fastest ocean-liners afloat. Before accepting this offer, the Packetfahrt, in order to avoid the reproach of having committed a breach of neutrality, first offered these two steamers to the United States Government; but on its refusal to buy them, they were sold to the British firm acting on behalf of the Spanish Government, and resold to the latter. As the Packetfahrt had allowed a high rate of depreciation on the two boats, their book-value stood at a very low figure; and the considerable profit thus realized enabled it to acquire new vessels for the extension of its passenger services.

Meanwhile a new express steamer, the *Kaiser Wilhelm der Grösse*, had been added to the fleet of the North German Lloyd. Ballin, having made a voyage on board this vessel to New York, reported to the Trustees of his Company that he considered her a splendid achieve-

ment. Owing to the heavy working expenses, howe she would not, he thought, prove a great success fro financial point of view. He held that the remunerati ness of express steamers was negatived by the he working expenses and, as early as 1897, had projec the construction of two steamers of very large pro tions, but of less speed. This, however, was not car out. Instead, the Packetfahrt decided to build a ve which was to be bigger and faster still than the *Ka Wilhelm der Grösse*. The new liner was built by Stettin Vulkan yard, and completed in 1900. She the *Deutschland*, the famous ocean greyhound, a gr improvement in size and equipment, and she held blue riband of the Atlantic for a number of years.

About the same time, the express service to New Y had been supplemented by the inauguration of an ad tional passenger service on the same route, which pro a great success in every way. The steamers emplo were the combined passenger and cargo boats of moder speed of the "P" class referred to above; and, th working expenses being very low, they could ca the cargo at very low rates, so that they proved great service to the rapidly expanding interchange goods between Germany and the United States. Th great size made it necessary to accelerate their load and discharging facilities as much as possible. T necessity, among other things, led to the introduct of grain elevators which resulted in a great saving time, as the grain was henceforth no longer discha in sacks, but loose. The Company also decided to t the loading and discharging of all its vessels into own hands. To accelerate the dispatch of steamers the utmost possible extent, it was decided in 1898 enlarge once again the Company's harbour facilities, a an agreement was concluded with the Hamburg Gove ment providing for the construction of large harb

basins with the necessary quays, sheds, etc., in the district of Kuhwärder on the southern banks of the Elbe.

It was typical of Ballin's policy of the geographical distribution of risks and of the far-sighted views he held concerning the international character of the shipping business that he attempted at the end of the 'nineties to gain an extended footing abroad for the Company's activities. The Packetfahrt therefore ordered the building of two passenger boats in Italian yards, and it was arranged that these vessels should fly either the German or the Italian flag. In the end, however, a separate Italian shipping company, the Italia, was set up, which was to devote itself more particularly to the River Plate trade. When the financial results of the new enterprise failed to come up to expectations, the shares were sold to Italian financiers in 1905.

The closing years of the nineteenth and the opening years of the twentieth century represented a period of extraordinary prosperity to shipping business all over the world—a prosperity which was caused by the outbreak of the South African war in 1899. An enormous amount of tonnage was required to carry the British troops, their equipment, horses, etc., to South Africa, and the circumstance that this tonnage temporarily ceased to be available for the needs of ordinary traffic considerably stiffened the freight rates. The favourable results thus obtained greatly stimulated the spirit of enterprise animating the shipping companies everywhere.

About the same time the business of the Company experienced a notable expansion in another direction. A fierce rate war was in progress between the Hamburg-South American S.S. Co. and the firm of A. C. de Freitas & Co., and neither party seemed to be able to get the better of the other. As early as 1893 Ballin, on behalf of the Hamburg-South American S.S. Co.,

had carried on some negotiations with the firm of Freitas with the object of bringing about an amalgamation of the two companies with respect to their service to Southern Brazil. In 1896 he had done so again in compliance with the special request of Mr. Carl Laeisz, the chairman of the former company, and in 1898 he did so for the third time, but in this case on his own initiative. No practical results, however, were reached, and as Ballin was desirous of seeing an end being put to the hopeless struggle between the two rival firms, he took up those negotiations for the fourth time in 1901, hoping to acquire the de Freitas Line for his own Company. He was successful, and an expert was nominated to fix the market value of the fourteen steamers that were to change hands. As the valuation took place at a time when the shipping business was in an exceedingly flourishing state, the price which he finally worked out at so high an average per ton as was never again paid before the outbreak of the war. The valuer told me that he himself considered the price very high, so that he felt in duty bound to draw Ballin's attention to it beforehand. Ballin tersely replied: "I know, but I want the business," thus making it perfectly clear that he attached more than ordinary importance to the deal.

As soon as the purchase of the de Freitas Lines had become an accomplished fact, arrangements were made with the Hamburg-South American S.S. Company, which provided for a joint service to South America, a service which was still further extended when the Packetfahrt bought up a British line trading from Antwerp to La Plate, thus also securing a footing at Antwerp in connexion with its South American business. The necessity for taking such a step grew in proportion as Antwerp acquired an increasing importance owing to the increase in German export business.

Perhaps there is no country which can be served

the seaports of so many foreign countries as Germany. Several Mediterranean ports attract to themselves a portion of the South German trade; Antwerp and some of the French ports possess splendid railway connexion with Southern and Western Germany, and both Antwerp and Rotterdam are in a position to avail themselves of the highway of the Rhine as an excellent means of communication with the whole German hinterland. Finally, it must be remembered that the Scandinavian seaports are also to a certain extent competing for the German business, especially for the trade with the hinterland of the Baltic ports of Germany. All this goes to show that the countries surrounding Germany which have for centuries striven to exercise a kind of political hegemony over Germany—or, rather, generally speaking, over Central Europe—are not without plenty of facilities enabling them to try to capture large portions of the carrying trade of these parts of Europe. This danger of a never-ending economic struggle which would not benefit any of the competing rivals was the real reason underlying Ballin's policy of compromise. He clearly recognized that any other course of action would tend to make permanent the existing chaos ruling in the realm of ocean shipping.

In this struggle for the carrying trade to and from Central Europe the port of Antwerp occupied a position all by itself. The more the countries beyond the sea were opened up by the construction of new railways and the establishment of industrial undertakings, and the more orders the manufacturers in the Central European countries received in consequence of the growing demand, the greater became the value of Antwerp to the shipping companies in every country. In this respect the early years of the twentieth century witnessed an extraordinary development, which, in its turn, benefited the world's carrying trade to an ever-increasing

extent. Never before had so much European capi
been invested in overseas countries. Again, as a res
of the Spanish war the political and economic influe
of the United States had enormously expanded in
West Indian islands, whilst, at the same time, the Mon
doctrine was being applied more and more thoroug
and systematically. Consequently the attention of
American investors was also increasingly drawn towa
those same countries. In Central America new railv
lines were constructed by British and American capi
including some right across the country from the Atla
to the Pacific, thus considerably facilitating trade w
the Pacific coast of America. Other lines were b
in Brazil and in the Argentine, and harbour and d
facilities were constructed in nearly all the more
portant South American ports. French and Belg
capital shared in these undertakings, and some Gern
capital was also employed for the same purpose.
Trans-Andine railway was completed, and numer
industrial works were added to the existing ones.
great economic advance was not exclusively restric
to South America ; it extended to the Far East, to
great British dominions beyond the sea, especially
Canada and Australia, and—after the close of the So
African War—to Africa also. Russia built the gr
Trans-Siberian railway, and Germany commenced
exploit the resources of her colonies. As a result
all these activities the iron and steel manufacturers w
overwhelmed with export orders. This applies parti
larly to the German iron and steel manufacturers, wh
leading organization, the Stahlwerks-Verband, larg
favoured the route *via* Antwerp, because it was
cheapest, to the great detriment of the German po
Thus the German shipowners were compelled to fol
the traffic, and the importance of Antwerp increa
from year to year. The Hamburg-Amerika Linie

this development by opening a special branch office for dealing with the Antwerp business.

In 1899, a year before the Hamburg-Amerika Linie established itself in the services to Brazil and the River Plate, a line had been started by the Company to Northern Brazil and the Amazon River. The conflict with the Booth Line which resulted from this step was amicably settled in 1902 through negotiations conducted by Ballin. Later on, indeed, the relations between the two companies became very cordial, and even led to the conclusion of a far-reaching community of interest agreement, the Booth Line being represented in Hamburg by the Hamburg-Amerika Linie, and the latter in Brazil by the British company. An agreement of such kind was only feasible when a particularly strong feeling of mutual trust existed between the two contracting partners, and Ballin repeatedly declared that he looked upon this agreement with the Booth Line as the most satisfactory of all he had concluded.

In 1900 the West Indian business was extended by opening a passenger service to Mexico, and another noteworthy event which took place during the same year was the conclusion of an agreement with the big German iron works in the Rhenish-Westphalian district by which the Hamburg-Amerika Linie undertook to ship to Emden the Swedish iron ore needed by them from the ports of Narvik and Lulea. Two special steamers were ordered to be exclusively used for this service. Henceforth Emden began to play an important part in connexion with the German ore supply, and the real prosperity of that port dated from that time.

Early in 1901 Ballin decided to embark on a trip round the world. He thought it desirable to do so in order to acquire a first-hand knowledge of the Far Eastern situation, which had become of special interest to the country owing to the acquisition by Germany of

Tsingtau, and to the unrest in China. His special ob was to study the questions that had become urgent connexion with the organization of the passenger ser of which the Packetfahrt, in consequence of the ag ment with the Lloyd, had just become a partner. Th was, in addition, the project of starting a Pacific serv which engaged his attention. All these import details could only be properly attended to on the sp It became necessary to acquire a business footing the various ports concerned, to organize the coast tra port services which were to act as feeders to the m line, etc. Besides, the Packetfahrt, and the Lloyd well, had special reasons for being interested in Eastern affairs, as both companies had been entrus with troop transports and the transport of equipm needed for the German contingent during the troul in China. During his Far Eastern trip Ballin wr detailed accounts dealing with the business matters attended to, and also describing his personal impressi of persons and things in general, the former k addressed to the Board of his Company, the latter his mother. These letters are full of interest; t present a more faithful description of his character a man, and as a man of business, than could be gi in any other way. I shall therefore quote a few extra from the comprehensive reports, commencing with th he wrote to his mother:—

"On board the I.M.S. 'Kiautschou'
"January 16th, 190

"The weather was cold and windy when we arrived at night outside Port Said, and midnight was well past w we had taken up the pilot and were making our way into port. The intense cold had caused me to leave the naviga bridge; and as I did not think it likely that our agent w arrive on board with his telegrams until the next morn I had followed the example of my wife and of nearly all

other passengers and had gone to bed. However, if we had thought that we should be able to sleep, we soon found out our mistake. The steamer had scarcely taken up her moorings when several hundreds of dusky natives, wildly screaming and gesticulating, and making a noise that almost rent the skies, invaded her in order to fill her bunkers with the 800 tons of coal that had been ordered. Perhaps there is no place anywhere where the bunkers are filled more rapidly than at Port Said, and certainly none where this is done to the accompaniment of a more deafening noise. Just imagine a horde of natives wildly screaming at the top of their voices, and add to this the noise produced by the coal incessantly shot into the bunkers, and the shouting of the men in command going on along with it. You will easily understand that it was impossible for anyone to go to sleep under conditions such as these. . . . After trying for several hours, I gave up the attempt, and, on entering the drawing-room, I found that willy-nilly (but, as Wippchen would have said, more nilly than willy) practically all the other passengers had done the same thing. There I was also informed that those who were in the know had not even made an attempt to go to sleep, but had gone ashore at 2 A.M. Port Said is a typical brigands' den, and relies for its prosperity on the mail packets calling there. The shops, the taverns, the music-halls, and the gambling places are all organized on lines in accordance with the needs of modern traffic. So it was not surprising to see that the proprietors of these more or less inviting places of entertainment had brightly lit up their premises, and hospitably opened their doors despite the unearthly hour, being quite willing to try and entice the unwary passengers into their clutches.'

"*Between* ADEN *and* COLOMBO.

"*January 24th*, 1901.

" . . . We did not stop long at Aden; and as the quarantine regulations for all vessels arriving from Port Said were very strict, it became impossible for the passengers on board the *Kiautschou* to land on the island. Aden, which the British would like to turn into a second Gibraltar, is situated in a barren, treeless district, and is wedged in between hills

without any vegetation. Small fortifications are scat all over the island. It must be a desolate spot for l peans to live at. The British officers call it 'The D Punch Bowl,' and to be transferred to Aden is equivale them to being deported."

"*January 28th*, 19

". . . In the meantime we have spent a most enjo and unforgettable day at Colombo. The pilot brough news of Queen Victoria's death, which filled us with sympathy, and which caused a great deal of grief amon British passengers. Shortly before 9 o'clock we went as and as the business offices do not open until an hour —thus preventing me from calling on my business fr at that hour—I took a carriage-drive through the m ficent park-like surroundings of the city. The people meets there are a fit match to the beautiful scenery; whilst in former times they were the rulers of this f island, they are now, thanks to the blessings of civiliz the servants of their European masters. . . .

"When we reached the old-established Oriental where we had our lunch, we met there a number of our fe passengers busily engaged in bargaining with the Singh and Indian dealers who generally flock to the terraces c hotel as soon as a mail packet has arrived. The pi presented by such Oriental bargaining is the same e where, except that the Colombo dealers undeniably fest an inborn gracefulness and gentlemanly bearing. I tried to get rid of an old man who was pestering me his offers to sell some precious stones, he said to me, i inimitable singing tone of voice used by these people they speak English: 'Just touch this stone, please, do not buy it: I only wish to receive it back from lucky hands.' In spite of their manners, however, fellows are the biggest cheats on earth. Another c wanted to sell me a sheet of old Ceylon stamps for whi demanded fifteen marks—a price which, as he stated, n a clean loss of five marks to him. When I offered hin marks instead, merely because I had got tired of hir handed me the whole sheet, and said: 'Please take t

I know that one day I shall be rewarded for the sacrifice which I bring.' Later on I discovered that the same man had sold exactly the same stamps to a fellow-passenger for 50 pfennigs, and that he had told the same story to him as to me. Such are the blessings of our marvellous civilization. . . .

". . . In the afternoon we went for a magnificent drive to the Mount Lavinia Hotel, which is beautifully situated on a hill affording an extensive view of the sea. Boys and girls as beautiful as Greek statues, and as swift-footed as fallow deer, pursued us in our carriage, begging for alms. It was curious to see with what unfailing certainty they managed to distinguish the German from the English passengers, and they were not slow in availing themselves of this opportunity to palm off what little German they knew on us. 'Oh, my father! My beautiful mother! You are a great lady! Please give me ten cents, my good uncle!' We were quite astonished to meet such a large progeny. . . ."

" *February 2nd*, 1901.

". . . . The entrance to Singapore is superbly beautiful. The steamer slowly wended her way through the channels between numerous small islands clad with the most luxurious vegetation, so that it almost took us two hours to reach the actual harbour. . . . The food question is extremely complicated in this part of the tropics, which is favoured by kind Nature more than is good. The excessive fertility of the soil makes the cultivation of vegetables and cereals quite impossible, as everything runs to seed within a few days, so that, for instance, potatoes have to be obtained from Java, and green vegetables from Mulsow's, in Hamburg. I am sure my geography master at school, who never ceased to extol the richness of the soil of this British colony, was not aware of this aspect of the matter.

"Singapore is a rapidly developing emporium for the trade with the Far East. It has succeeded in attracting to itself much of the commerce with the Dutch Indies, British North Borneo, the Philippines, and the Federated Malay States. To achieve this, of course, was a difficult matter, even with the aid of the shipping companies, but its clever

and energetic business community managed to do it. Germans may well be proud of the fact that our cou men now occupy the premier position in the business l the city. . . .

" . . . We spent about thirty-six hours at Saigon. city has been laid out by the French with admirable and there is no doubt but that Indo-China is a most val possession of theirs. As regards the difference in the na character of the French and the British, it is interesti note that the former have just erected a magnificent bu for a theatre at Saigon, at a cost of 2½ million francs. British would never have dreamt of doing such a t I am sure they would have invested that money i building of club-houses and race-courses. . . ."

" *February 16th*, 19

" . . . As far as social life and social pleasure concerned, it must be said that the German colony at H kong is in no way inferior to that at Singapore. Pr rank in this respect must be assigned to the Siebs fa Mr. Siebs, the senior member of the Hamburg firm of S sen and Co., has been a resident in the East for a long of years—forty-two, if I remember rightly; and he occupies an exceedingly prominent position both in Ge and British society. That this is so is largely due— from his intimate knowledge of all that concerns the and commerce of China, and apart from his own amia and never-failing generosity—to his charming wife, wh means of the hospitality, the refinement, and the exem management characterizing her home, has been c instrumental in acquiring for the house of Siebs the reputation it enjoys. Whoever is received by Mrs. I have been told, is admitted everywhere in Hon society.

" Even though I only give here an outline of my in sions, I cannot refrain from adding a few details d with some aspects of everyday life at Hongkong, this among the crown colonies of Britain. The offices of t firms and of the shipping companies' agencies, most of housed in beautiful buildings, flank the water's edge; f

back there is the extensive shopping quarter, and still more in the rear there is the Chinese quarter, teeming with an industrious population. Being myself so much mixed up with the means of communication, I am surely entitled to make a few remarks concerning this subject in particular. Horses are but rarely seen, and are only used for riding, and sporting purposes generally. Their place is taken by the coolies, who no doubt represent the most pitiable type of humanity—at least, from the point of view of a sensitive person. In the low-lying part of the town the jinrikishas, which are drawn by coolies, predominate; but the greater part of Hongkong is situated on the slopes of a hill, and nearly all the private residences are built along the beautifully kept, terrace-like roads leading up to the summit of the peak. In this part the chair coolies take the place of the jinrikisha coolies; and in the low-lying parts also it is considered more stylish to be carried by chair coolies. The ordinary hired chairs are generally carried by two coolies only, but four are needed for the private ones. The work done by these poor wretches is fatiguing in the extreme. They have to drag their masters up and down the hill, which is very steep in places, and it is a horrid sensation to be carried by these specimens of panting humanity for the first time. In the better-class European households each member of the family has his own chair, and the necessary coolies along with it, who are paid the princely wage of from 16 marks to 17 marks 50 pfennigs a month. They also receive a white jacket and a pair of white drawers reaching to the knee, but they have to provide their own food. The poor fellows are generally natives from the interior parts of the island. They spend about one mark a week on their food; the rest they send home to their families. They are mostly married, and the money they earn in their capacity as private coolies represents to them a fortune. They rarely live longer than forty years; in fact, their average length of life is said not to exceed thirty-five. As many as eight coolies were engaged to attend to the needs of my wife and myself for the time of our stay. The poor creatures, who, by the way, had quite a good time in our service, spent the whole day from early in the morning

to late at night lying in front of a side entrance to our h
except when they had to do their work for us. . . .

". . . The Chinese have only one annual holid
New Year. They are hard at work during the whole y
they know of no Sundays and of no holidays, but the
mencement of the New Year is associated with a pec
belief of theirs. To celebrate the event, they take
best clothes out of pawn (which, for the rest of the
they keep at the pawnbroker's to prevent them from
stolen). To keep the evil spirits away during the co
twelvemonth, they burn hundreds of thousands of
crackers when the New Year begins, and also during
first and second days of it, accompanied by the noise of
firing of guns. One must have been through it all in o
to understand it. For the better part of two days and
nights one could imagine a fierce battle raging in the ne
bourhood; crackers were exploding on all sides, toge
with rockets and fireballs, and the whole was augme
by the shouting and screaming of the revellers. It w
mad noise, and we could scarcely get any sleep at nigh

"The houses in the Chinese quarter were decorated
to the roofs with bunting, beautiful big lanterns, p
garlands with religious inscriptions, and a mass of lo
flowers.

"On such days—the only holidays they possess—
Chinese population are in undisputed possession of t
town, and the British administration is wise enough no
interfere with the enjoyment of these sober and hard-wor
people. I really wonder how the German police would
in such cases. . . ."

"SHANGHAI, *March 6th*, 190

". . . It is surely no exaggeration to describe Shan
as the New York of the Far East. The whole of the rap
increasing trade with the Yangtse ports, and the bull
that with the northern parts of the country, passes thro
Shanghai. The local German colony is much larger t
the one at Hongkong; and here, too, it is pleasant to
that our countrymen are playing an extremely import
part in the extensive business life of the town. . . ."

"*Between* TSINGTAU *and* NAGASAKI,
on board the s.s 'Sibiria.'
"*March 18th*, 1901.

"Our s.s. *Sibiria* had arrived in the harbour about ten days ago, and was now ready for our use. I had decided first of all to make a trip up the Yang-tse-Kiang on board the *Sibiria*, because I wanted to get to know this important river, which flows through such a fertile tract of country, and on the banks of which so many of the busiest cities of China are situated. The Yangtse—as it is usually called for shortness' sake—is navigable for very large-sized ocean-going steamers for a several days' journey. During the summer months it often happens that the level of the water in its upper reaches rises by as much as 50 feet, which—on account of the danger of the tremendous floods resulting from it—has made it necessary to pay special attention to the laying-out of the cities situated on its banks. The object of our journey was Nanking. This city, which was once the all-powerful capital of the Celestial Empire, has never again reached its former importance since its destruction during the great revolution of 1862, and since the choice of Peking as the residence of the Imperial family. Two years ago it was thrown open to foreign commerce; and the Powers immediately established their consulates in the city, not only because a new era of development is looked forward to, but also because Nanking is the seat of a viceroy.

"Our amiable consul, Herr v. Oertzen, received us with the greatest hospitality. The German colony which he has to look after consists of only one member so far. This young gentleman, who holds an appointment in connexion with the Chinese customs administration, feels, as is but natural, quite happy in consequence of enjoying a practical monopoly of the protection extended to him by the home government. He has helped himself to the consul's cigars and to his moselle to such good effect that the *Sibiria* arrived just in time to prevent the German colony at Nanking from lodging a complaint regarding the insufficiency of the supplies put at its disposal by the Government. The consul told us that we should never have a chance of coming across another Chinese town that could compare with the interior

of Nanking, and so we had to make up our minds to pa visit to these parts.

" I had seen plenty of dirt and misery at Jaffa and J salem, but I have never found so much filth and wretcl ness anywhere as I noticed at Nanking. My wife an charming young lady who accompanied us on our Yan expedition were borne in genuine sedan chairs as used the mandarins, preceded by the interpreter of the consul and followed by the rest of us, who were riding on m provided with those typically Chinese saddles, which, ow to their hardness, may justly claim to rank among instruments of torture.

" Our procession wended its way through a maze indescribably narrow streets crowded with a moving r of human beings and animals. Everywhere cripples blind men lay moaning in front of their miserable hov and it almost seemed that there were more people suffer from some disease or other than there were healthy or When we stopped outside the big temple of Confuci where the ladies of our party dismounted from their cha the people, in spite of their natural timidity, flocked to us, because they had probably never seen any Europ ladies until then. We were thankful when at last we reacl the consulate building again, and when, after having l a good bath, we are able to enjoy a cup of tea.

" . . . In the early hours of March 13th our steai arrived at Tsingtau. I was surprised and delighted w what I saw. There, in spite of innumerable difficulties city had sprung up in an incredibly short space of time

" Rooms had been reserved for us at the handsome, l very cold, Hotel Prinz Heinrich ; and in the afternoon the day of our arrival we strolled up the roads, which w still somewhat dusty, and in parts only half finished, the summit of the hill where the acting Governor and officers of higher rank had their homes. Even though is true that up to now military necessities have taken p cedence in the laying-out of the town, so that the needs trade and traffic have not received due attention, it m be admitted that a wonderful piece of constructive w has been achieved. All the members of our party—especia

those who, like Dr. Knappe, our consul-general at Shanghai, had known the place two years ago—were most agreeably surprised at the progress that had been made.

"Our first few days at Tsingtau were spent much as they were everywhere else—plenty of work during the daytime, and plenty of social duties in the evenings. But things began to look different on Saturday morning, when my old friend and well-wisher, Field-Marshal Count Waldersee, arrived on board H.M.S. *Kaiserin Auguste*. He had announced that his arrival would take place at 9 A.M., and his flagship cast anchor with military punctuality. The Governor and I went on board to welcome the old gentleman, who was evidently greatly touched at meeting me out here, and it was plain to see that my presence in this part of the world made him almost feel homesick. The Field-Marshal very much dislikes the restrictions imposed on his activities; and judging from all he told me, I must confess that a great military leader has hardly ever before been faced with a more thankless task than he. On the one hand he is handicapped through the diplomatists, and on the other through the want of unanimity among the Powers. Thus, instead of fulfilling the soldier's task with which he is entrusted, he is compelled to waste his time in idleness, and to preside at endless conferences at which matters are discussed dealing with the most trivial questions of etiquette. He really deserves something better than that. . . ."

"TOKIO. *March 31st*, 1901.

". . . What a difference between Japan and the cold and barren north of China! There everything was dull and gloomy, whilst this country is flooded with sunshine. Here we are surrounded by beautifully wooded hills, and a magnificent harbour extends right into the heart of the city. From the windows of our rooms we overlook big liners and powerful men-of-war, and our own *Sibiria* has chosen such a berth that the Hapag flag merrily floating in the breeze gives us a friendly welcome.

"The difference in the national character of the Chinaman and the Japanese clearly proves the great influence which the climate and the natural features of a country

can exercise on its inhabitants. The one always grave, sulky, and not inclined to be friendly; the other al cheerful, fond of gossip, and overflowing with politene all his intercourse with strangers. But it must not be gotten that the integrity of the Chinese, especially of Chinese merchants, is simply beyond praise, whereas Japanese have a reputation for using much cunning very little sincerity, so that European business men ca put much faith in them.

"The women of Japan are known to us through 'Mikado' and 'The Geisha.' They make a direct ap to our sympathies and to our sense of humour. In one the stranger will become more closely acquainted with womenfolk and the family life of Japan than he w with those of China after half a dozen years of resid in their midst. In China the women are kept in seclu as much as possible, but the whole family life of the is carried on with an utter indifference to publicity. is due to a large extent to the way their homes are b Their houses are just as dainty as they are themsel and it is really quite remarkable to see that the Japs, closely imitate everything they see in Europe, still b them exactly as they have done from time immemo They are practically without windows, and in place of t the openings in the walls are filled with paper stretche to frames. Instead of doors there are movable screens n of lattice-work; and since everything is kept wide during the day-time one can look right into the rooms f the street. In the summer the Japanese make their h in the streets, and we are told that then the most intir family scenes are enacted in the open air. I am of opi that this, far from pointing to a want of morality, is re the outcome of a highly developed code of morals. Th which are perfectly natural in themselves are treate such, and are therefore not hidden from the light of day.

". . . At 9 A.M. on March 23rd we arrived at K where we had to spend several days.

"Our trip is now approaching its end; at least, now experience the pleasant feeling that we are daily nea home. What will it look like when we get back? At ah

every port of call some sad news has reached us, and our stay at Kobe was entirely overshadowed by my grief at the loss of my old friend Laeisz. Even now I cannot realize that I shall find his place empty when I return. . . ."

The brief statement in which Ballin summarized the results of his trip from a business point of view is appended :—

"Among the business transacted during my trip the following items are of chief importance :

"(1) The establishment of a branch of our Company at Hongkong.

"(2) The acquisition of the Imperial Mail Packet Service to Shanghai, Tsingtau, and Tientsin, formerly carried on by Messrs. Diedrichsen, Jebsen and Co.

"(3) The acquisition of the Yangtse Line, hitherto carried on by the firm of Rickmers.

"(4) The joint purchase with the firm of Carlowitz and Messrs. Arnhold, Karberg and Co. of a large site outside Shanghai harbour intended for the building of docks and quays, and the lease of the so-called Eastern Wharf, both these undertakings to be managed by a specially created joint-stock company.

"(5) The establishment of temporary offices at Shanghai.

"(6) In Japan discussions are still proceeding concerning the running of a line from the Far East to the American Pacific coast.

"(7) In New York negotiations with the representative of the firm of Forwood are under way regarding the purchase of the Atlas Line."

This list summarizes the contents of a long series of letters from all parts of the world where Ballin's keen insight, long foresight, and business acumen suggested to his alert mind possibilities of extending Packetfahrt shipping interests. Time translated many of his suggestions into flourishing actualities, some of which

survived the 1914–18 years; others disappeared in cataclysm; others, again, by the lapse of time l not the keen general interest that appertained to ideas when they fell fresh-minted from his pen. following, however, in regard to China and Japan, worthy of record:

" Shanghai.
March 4th, 190

" I am not quite satisfied with the course which the n tiations concerning the possible inauguration of a Yar line have taken so far.

" The vessels employed are of the flat-bottomed l some being paddle boats, others twin-screw steamers. their outward appearance the Yangtse steamers, owin their high erections on deck, greatly resemble the sa steamers plying on the Hudson. Their draught rarely exc 12 feet, and those which occasionally go higher up the than Hankau draw even less. Most of the money ea by these boats is derived from the immense Chinese senger traffic they carry. . . . The chief difficulty have experienced in our preparations for the opening Yangtse line of our own consists in the absence of sui pier accommodation. . . ."

" On board the s.s. Sibiria on the Yangtse.
March 10th, 19

" . . . After what I have seen of Nanking, I am a that the development of that place which is being lo forward to will not be realized for a fairly long time to c Matters are quite different with respect to Chin-kiang w we are stopping now, a port which is even now carryin a thriving trade with the interior parts of the country can scarcely be doubted that, if the Celestial Empi thrown open to the Western nations still more than has done up to now, the commerce of the Yangtse ports is b to assume large proportions. During the summer mo i.e. for practically two-thirds of the year, the Yangt navigable for ocean-going steamers of deep draught, more so than the Mississippi. At that time of the yea

volume of water carried by the river increases enormously in certain reaches. This increase has been found to amount to as much as 38 feet, and some of the steamers of the Russian Volunteer Fleet going up to Hankau possess a draught which exceeds 25 feet. . . ."

"*On board the Sibiria between*
TSINGTAU AND JAPAN.
March 19th, 1901.

". . . We arrived at Tsingtau on the morning of March 14th. The impression produced by this German colony on the new-comer is an exceedingly favourable one. Everywhere a great deal of diligent work has been performed, and one feels almost inclined to think that the building activity has proceeded too fast, so that the inevitable reaction will not fail to take place. Looked at from our shipping point of view, it must be stated that the work accomplished looks too much like Wilhelmshaven, and too little like Hongkong. It was, of course, a foregone conclusion that in the development of a colony which is completely ruled by the Admiralty the naval interests would predominate. However, there is still time to remedy the existing defects, and I left Kiautschou with the conviction that a promising future is in store for it. Only the landing facilities are hopelessly inadequate at present; and as to the accommodation for merchant vessels which is in course of being provided, it would seem that too extensive a use has been made of the supposed fact that mistakes are only there in order to be committed, and that it would be a pity not to commit as many as possible. . . ."

"*On board the s.s. Empress of China between*
YOKOHAMA AND VANCOUVER.
April 17th, 1901.

". . . In the meantime I have had opportunities of slightly familiarizing myself in more respects than one with the conditions ruling in Japan.

"The country is faced with an economic crisis. Encouraged by a reckless system of credit, she has imported far more

than necessary; she is suffering from a shortage of money, which is sure to paralyse her importing capacities for some time to come.

"It seems pretty certain too, that future development will be influenced by another and far more serious factor, viz.: the ousting of the German by the American commerce from the Japanese market. The exports from the United States to Japan have increased just as much as those to China . . . I cannot help thinking that in the coming struggle America will enjoy immense advantages over us; but you must permit me to postpone the presentation of a detailed statement showing my reasons for thinking so until my return to Hamburg . . . I believe we shall be well advised to establish as soon as possible a service between the Far East and the Pacific coast of America. . . ."

In 1903 far-reaching alterations were made in the relations existing between the Hamburg-Amerika Linie and the North German Lloyd, which had become somewhat less friendly than usual in more respects than one; and in particular the agreement concerning the Far Eastern services of both companies was subjected to some considerable modifications.

The year 1903 is also remarkable for an event which, although not of great importance from the business point of view, is of interest in other respects. This event was the establishment of business relations with a Danish company concerning, in the first place, the West Indian trade, and later that with Russia also. The Danish concern in question was the East Asiatic Company, of Copenhagen. The founder of this company was a Mr. Andersen, one of the most successful business men known to modern commercial enterprise, and certainly not only the most successful one of his own country, but also one of high standing internationally. When still quite young he founded a business in Further India which, although conducted at

first on a small scale only, he was able to extend by the acquisition of valuable concessions, especially of teak-wood plantations in Siam. In course of time this business developed into a shipping firm which, owing to the concessions just mentioned, was always in a position to ship cargo of its own—an advantage which proved inestimable when business was bad and no other freight was forthcoming. When Mr. Andersen returned to Europe he continued to enlarge his business, making Copenhagen its centre. He enjoyed the special patronage of the Danish Royal Family, and afterwards also that of the Imperial Russian family. His special well-wisher and a partner of his firm was the Princess Marie of Denmark, who became known in the political world because she incurred the enmity of Bismarck, chiefly on account of her attempt to stir up ill feeling between the Iron Chancellor and Tsar Alexander III. Bismarck, in the second volume of his memoirs, describes how he succeeded in circumventing her plans through a personal meeting with the Tsar. It was the exceptional business abilities of the Princess Marie which brought Mr. Andersen into contact with the Russian Imperial family. It is typical of the common sense of the Princess and of her unaffected manners that she arrived at the offices of the Hamburg-Amerika Linie one day without having been previously announced; and as she did not give her name to the attendant outside Ballin's private office, he could only tell him that "a lady" wanted to see him. The two letters addressed to Ballin which are given below are also illustrative of her style.

"My Dear Sir, "*January 17th*, 1904.

"I hope you will excuse my writing in French to you, but you may reply to me in English. I have had a chat with Director Andersen, who told me that your discussions with him have led to nothing. I greatly regret this, both for personal reasons and in the interests of the business. I am con-

vinced that your negotiations would have had the desired result if it had not been for some special obstacles with which this new company had to contend. It is such a pity that Mr. Andersen had to attend to so many other things. If you and he alone had had to deal with it, and if it had been purely a business matter, the agreement would certainly have been concluded at once. Perhaps you and Andersen will shortly discover a basis on which you can co-operate. I personally should highly appreciate an understanding between my company and yours if it could be brought about, so that you could work together hand in hand like two good friends. You *must* help me with it. Mr. Andersen was so charmed with your amiability when he came back. One other thing I must tell you, because I possess sufficient business experience to understand it, and that is that both he and I admire you as a man of business. I should be delighted if you could come here; but I request you to give a few days' notice of your arrival. Wishing you every success in your undertakings and the best of luck during the new year, "I remain, Yours faithfully,

(*signed*) "MARIE."

"MY DEAR DIRECTOR, "*February 10th*, 1905.

"I am so delighted to hear from Mr. Andersen that his company and yours intend to co-operate in the Danish West Indies and in Russia to your mutual interest. I have always held that such an understanding between you and Mr. Andersen would lead to good results, and you may feel convinced that I shall extend to you not only my personal assistance and sympathy, but also that of my family, and that of my Russian family, all of whom take a great interest in this matter. I am looking forward to seeing you in Hamburg early in March on my way to France. With my best regards, "Yours faithfully,

(*signed*) "MARIE."

In June, 1904, after the close of Kiel Week, Ballin paid a visit to Copenhagen. There he met the Princess Marie and the King and Queen of Denmark, and was

invited to dine with them at Bernstorff Castle. The business outcome of the negotiations was that in 1905 a joint service to the West Indies was established between the Hamburg-Amerika Linie and the Danish West Indian Company. Four of the big new steamers of the latter were leased to the Packetfahrt, and operated by that company, which thus not only increased the tonnage at its disposal, but also succeeded in eliminating an unnecessary competition.

At the same time the Packetfahrt bought the larger part of the shares of the Russian East Asiatic S.S. Company owned by the Danish firm. The object of the purchase was to establish a community of interests with the Russian Company. The Kaiser took great interest in this scheme, and during his visits to Copenhagen in 1903 and 1905 Mr. Andersen reported to him on the subject. It was intended to bring about close business relations between Germany, Russia, and Denmark for the special purpose of developing Russian trade, and to organize the Russian East Asiatic S.S. Company on such lines as would make it a suitable instrument to this end. It is to be regretted that the community of interest agreement then concluded was not of long duration. The Russian bureaucracy made all sorts of difficulties, and it is possible that the representatives of the Hamburg-Amerika Linie in Russia did not display as much discretion in their dealings with these functionaries as they ought to have done. At any rate, the Packetfahrt was so little satisfied with its participation in this Russian concern that it re-sold its rights to the interested Copenhagen parties in 1906, not without incurring a considerable loss on the transaction. The West Indies agreement automatically lapsed when the Packetfahrt acquired sole possession of the four Danish steamers.

Later on some sort of co-operation with the Russian

company was brought about once more by the admission of that company to the transatlantic steerage pool. The Packetfahrt also had an opportunity of profiting from the technical experience gained by the Danish East Asiatic Company, which was the first shipping concern to specialize in the use of motor-ships. It was enabled to do so by the support it received from the shipbuilding firm of Messrs. Burmeister and Wain, of Copenhagen, who had applied the Diesel engine, a German invention, to the propulsion of ships, and who subsequently built a fleet of excellent motor-ships for the East Asiatic Company. One of these vessels was afterwards acquired by the Hamburg-Amerika Linie for studying purposes. The new type of vessel proved exceedingly remunerative during the war, as it made the owners independent of the supply of British bunker coal, and relieved them of the numerous difficulties connected with obtaining it. This great practical success of the Danish shipbuilders became possible only because they applied themselves consistently to the development of one particular type of engine, whereas in Germany endless experiments were made with a great variety of different types which led to no tangible results. It was only when the war came, and when the building of numerous submarines became necessary that German engineering skill obtained a chance of showing what it could do, and then, indeed, it proved itself worthy of the occasion.

In 1904 war broke out between Russia and Japan, an event which exercised such an influence on the Packetfahrt that it is hardly an exaggeration to say that the rapid progress the company made during the next few years amounted to a re-birth. The war provided the company with a chance to sell a large number of its units at a considerable rate of profit, and the contract concluded with the Russian Government for

the coal supply added enormously to its revenues. The Russian Government partly converted the purchased steamers into auxiliary cruisers for the purpose of checking and disorganizing Japanese sea-borne trade, and it partly used them to accompany its Baltic fleet on its way to the Far East. As an illustration of the magnitude and the complexity of this transaction, it may be permitted to quote a few extracts from Ballin's notes referring to it:

"*May*, 1904.

"Much though my time has been occupied by the Hungarian affair (the competition of the Cunard Line in Hungary), and great though the strain on my nerves has been on that account, I must say that much bigger claims are made on my time and on my nerves by the negotiations we are now carrying on with the Russian Government concerning the sale of some of our steamers. On Christmas Day I sent some representatives to Petrograd who were to approach the government in case it intended to acquire any merchant vessels for purposes of war. These gentlemen are still staying at Petrograd, where they have been all the time with the exception of a few weeks, and we have carried on some extremely difficult negotiations by cable which so far have led to the definite sale of the *Fürst Bismarck* and the *Belgia*. The *Auguste Victoria*, which is still in dock until the necessary repairs have been executed, has also been sold to Russia, and the prospects that the *Columbia* will follow suit are extremely good.

"The sales, of course, necessitate large alterations of the existing schedules, and they lead to a great deal of inconvenience. A particularly awkward situation has been brought about by the circumstance that the *Fürst Bismarck* has been chartered to the firm of Thos. Cook and Sons for an excursion from Marseilles, in which 500 members of a Sunday school are to take part, so that, in order to release her, it has become necessary for the *Auguste Victoria* to interrupt her usual trip to the Near East, and for the *Columbia* to take her place. . . .

Our big coal contract with the Russian Government has, in the meantime, been considerably added to. The execution of the contract, however, is causing me a great deal of anxiety, as the English press, notably *The Times*, is only too glad to make use of this circumstance as a pretext for rousing suspicions as to Germany's neutrality. As our government is not taking up a very firm attitude, the effect of these articles, of course, is highly disagreeable. On Friday, September 23rd, I had an opportunity of discussing this matter with the Imperial Chancellor at Homburg. The Chancellor did not disguise the anxiety he felt concerning these contracts, especially as he had just then received a long telegram from the German Ambassador in Tokio advising him to proceed with much caution. I told the Chancellor that he need not study in any way the damage which our company might suffer; that we did not ask that any regard should be paid to our business interests in case these should clash with those of the country, and that, if the Government were of opinion that the interests of the country necessitated the cancelling of the whole agreement, I should be glad to receive instructions from him to that effect. Failing such instructions, of course, I was not entitled to cancel a contract which was in every respect a properly drawn-up legal instrument. At the same time I pointed out to the Chancellor that Germany, if he thought that he had reason to adopt such an attitude, would run the risk of offending both antagonists; for it was but reasonable to expect that, owing to the agitation carried on by the British, no action on Germany's part would cause a change of feeling in Japan, but that it would be a fatal blow to Russia, whose Baltic fleet in that case would simply be unable to reach the Far East.

"From Frankfort I went to Berlin in order to discuss the question of the coal contract with the Foreign Office, which the Chancellor had requested me to do. I had a long conference with Richthofen. . . .

". . . *October 1st*, 1904. Meanwhile our negotiations with the Russian Government have made good progress, and practically the whole of my time is taken up with these transactions, which have given us a very exciting time. They compel me to go to Berlin pretty frequently, as I con-

sider it both fair to the Foreign Office and advisable in our own interests that the former should always be fully informed of all the steps I am taking. Several of our gentlemen are constantly travelling from Hamburg to Petrograd, and conferences of our directors are held nearly every morning, necessitated by the telegrams which arrive from Petrograd practically every day. In order to be in a position to carry out the coal contracts, we have been obliged to charter a large number of steamers, so that at times as many as 80 of these are employed in this Russian transaction. Besides the old express steamers and the *Belgia* we have now sold to the Russians the *Palatia* and the *Phœnicia*, as well as nine other boats of our company, including the *Belgravia*, *Assyria*, and *Granada* (the remaining ones are cargo vessels, mostly taken out of the West Indies service), but as regards these latter, we have reserved to ourselves the right of redemption . . . We have successfully accomplished the great task we had undertaken, although, owing to the absence of coaling stations, it was thought next to impossible to convey such a huge squadron as was the Baltic fleet all the way from European to Far Eastern waters. It safely reached its destination, because the previously arranged coaling of the vessels was carried out systematically and without a hitch anywhere, although in some cases it had to be done in open roadsteads. Its inglorious end in the Korea Straits cannot, and does not, diminish the magnitude of the achievement; and the experiences we have gained by successfully carrying out our novel task will surely prove of great value to the Government. This whole coaling business has been a source of considerable profits to our company, although if due regard is paid to the exceptional character of the work and to the unusual risks we had to run, they cannot be called exorbitant."

A few statistics will show what the whole undertaking meant to the Hamburg-Amerika Linie from a business point of view. During the years 1904 and 1905 the company increased its fleet by no less than 21 steamers—partly new buildings and partly new pur-

chases—representing a value of 22½ million marks. To these new acquisitions must be added the 19 steamers then building, of a value of 52 million marks, amongst them the two big passenger steamers *Amerika* and *Kaiserin Auguste Victoria* for the New York route, and other big boats for the Mexico, the River Plate, and the Far East services. A large fraction of the sums spent on this new tonnage—viz. no less than 24 million marks—represented the profits made on the sales of ships; another large portion was taken out of current earnings, and the remainder was secured by a debenture issue. Never again, except in 1913, has the company added such an amount of tonnage to its fleet in a single year as it did at that time. But the "re-birth" of the company did not only consist in this augmentation of tonnage, but also, and chiefly, in the entire reorganization of its New York service by the addition to its fleet of the *Amerika* and the *Kaiserin Auguste Victoria*. This event meant that the era of the express steamers was being succeeded by one characterized by another type of vessel which, though possessing less speed, was mainly designed with a view to securing the utmost possible comfort to the passengers. The two steamers proved exceedingly remunerative investments, and added enormously to the clientèle of the company. The profits earned on the Russian transaction also made up to a large extent for the losses incurred in the keen rate war with the Cunard Line then in progress. In spite of this rate war the company was able to increase its dividend to 9 per cent. in 1904, and to 11 per cent. in 1905.

Another event which took place in 1904 was the conclusion of a contract with the German Government concerning the troop transports to German South-West Africa, and the year 1905 witnessed the settlement of a short-lived conflict with the North German Lloyd.

This conflict attracted a great deal of attention at the time, and the Kaiser himself thought fit to intervene with a view to terminating it.

When it was seen that German commercial interests in the Middle East had considerably increased, the Hamburg-Amerika Linie opened a special line to the Persian Gulf in 1906. The year 1907 is chiefly remarkable for a rate war affecting the services from Hamburg to the West Coast of Africa, of which until then the Woermann Line had considered itself entitled to claim a monopoly.

The African shipping business had been jealously nursed by its founder, Adolph Woermann, who had always tried hard to guard this special domain of his against the encroachments of all outsiders. However much Ballin and Adolph Woermann differed in character, they were akin to each other in one essential feature—viz. the jealous love they bore to the undertaking with which they had identified themselves. Both men, grown up in absolutely different environments, yet resembled each other in the daring and the fearlessness with which they defended the interests of their businesses. The one had trained himself to employ moderation and commonsense to overcome resistance where the use of forcible means promised no success; the other was a pioneer in the colonial sphere, a king in his African empire, the discoverer of new outlets, but broken in spirit and bereft of his strength when compelled by circumstances to share with others. When Adolph Woermann had died, Ballin honoured his memory by contributing to the public Press an appreciation of his character, which is perhaps the best that has been written, and which ought to be saved from being forgotten. This fact, it is hoped, will be sufficient justification for reproducing in this connexion a translation of Ballin's article:

"The late Adolph Woermann was a man whom we may truly describe as the ideal of what a Hanseatic citizen should be. Secretary of State Dernburg himself once told me that he knew quite well that the work he was doing for the benefit of our colonies would never come up to what Adolph Woermann had achieved in the face of the greatest imaginable difficulties.

"Never before, perhaps, has any private shipowner displayed so much daring as we see embodied in the business he has built up through his labours. Woermann has developed the means of communication between Germany and her African colonies to such perfection that even the similar work performed by British shipping men has been overshadowed. He has done this without receiving any aid from the Government; in fact, he had to overcome all sorts of obstacles which were put in his way by the bureaucracy. His confidence in his work was not shaken when losses had to be faced. Then, more than ever, he had his eyes firmly fixed on his goal; and practically every vessel which he had built to facilitate communication between the German mother country and her colonies represented a fresh step forward towards a higher type, thus increasing the immense personal responsibility with which he burdened himself. His patriotism was of the practical kind; he did his work without asking for the help of others, especially without that of the Government.

"And now he has died in bitter disappointment. His striking outward appearance has always reminded us of the Iron Chancellor, but the similarity in the character of the two men has only become apparent during the last few years. It is well known that when the troubles in the colonies had been settled he was accused of having enriched himself at the expense of the country. He never lost his resentment of this accusation; and even though his accusers can point to the fact that the court which had to investigate the claims put forward by the Government gave judgment to the effect that some of these claims were justified, it must be said in reply that this statement of the case is inadequate and one-sided. All that was proved was that Woermann, who hated red tape, and who never had recourse to legal assistance when drawing up his agreements, did not use as much caution in

this matter as would have been advisable in his own interest. The facts that have become known most clearly disprove the accusation that he had made large profits at the expense of the country, and that he had used the country's distress to enrich himself. To the task of carrying out the troop transports he devoted himself with his customary largeness of purpose, and he accomplished it magnificently. In order to be able to do so, he had enlarged his fleet by a number of steamers, and the consequence was that, when the work was achieved, he had to admit himself that he had over-estimated his strength. When my late colleague Dr. Wiegand, the Director-General of the North German Lloyd, and I were asked to express an expert opinion on the rates which Woermann had charged the Government, we found them thoroughly moderate; in fact, we added a rider to the effect that if either of our companies had been entrusted with those transports, we could only have carried out a very few expeditions at the rates charged by Woermann. Woermann, however, carried through the whole task; and when it was done he found himself compelled to pass on to the shoulders of the Hamburg-Amerika Linie part of the excessive burden which he had taken upon himself.

"His iron determination would have enabled him to dispense with the assistance thus obtained. But by that time his accusers had commenced their attacks on his character, and when the Government had officially taken up an attitude against him, he became a prey to that resentment to which I have referred before. All those who had the privilege of being associated with him during the past few years must have noted with grief how this great patriot gradually became an embittered critic. The heavy blow also led to the breakdown of his health, and during the last years of his life we only knew him as a sick man.

"If it is borne in mind how strong, how masterful, and how self-reliant a man has passed away with Adolph Woermann, it is sad to think that in the end he was not strong enough after all to bear on his own shoulders entirely the immense burden of responsibility which he had taken upon himself, and that he received nothing but ingratitude as the reward of his life's work, although he was actuated by

truly patriotic motives throughout. Still, this shall not prevent us from acknowledging that he was the greatest, the most daring, and the most self-sacrificing private shipowner whom the Hanseatic cities have ever produced—a princely merchant if ever there was one. He was a true friend and an earnest well-wisher to the city in which he was born, and to the country which he served as a statesman. We are sincerely grateful to him for the work he has done, and in honouring his memory we know that we are paying tribute to the greatest Hanseatic citizen who had been living in our midst."

To complete the enumeration of the many rate wars which occurred during the first decade of the twentieth century, we must make brief reference to the competition emanating in 1909 from the so-called "Princes' Trust" (Fürstenkonzern) and its ally, viz. a Hamburg firm which had already fought the Woermann Line. The object of the fight was to secure the business from Antwerp to the Plate. The struggle ended with the acquisition of the shipping interests of the Princes' Trust, the business career of which came to a sudden end shortly afterwards by a financial disaster causing enormous losses to the two princely families concerned —the house of Hohenlohe and that of Fürstenberg. The details connected with this affair are still in everybody's memory, and it would be beyond the scope of this volume to enter into them. It should be mentioned, however, that in connexion with the settlement arrived at the two big companies undertook to start some transatlantic services from the port of Emden, and in particular to establish a direct line for the steerage traffic to North America. The necessary arrangements to this end had just been made when the war broke out, and further progress became impossible.

The transatlantic pool was considerably extended in scope during those years. More than once, however, after the rate war with the Cunard Line had come to an

end, the amicable relations existing between the lines were disturbed, e.g. when the Russian Volunteer Fleet opened a competing service—a competition which was got rid of by the aid of the Russian East Asiatic S.S. Company; when some British lines temporarily withdrew from the steerage pool, and when some differences of policy arose between the Hamburg-Amerika Linie and the North German Lloyd. The Hamburg company demanded a revision of the percentages, contending that the arrangements made fifteen years ago no longer did justice to the entirely altered relative positions of the two companies. The discussions held in London in February, 1908, under Ballin's chairmanship, which lasted several days, and in which delegates of all the big Continental and British lines, as well as of the Canadian Pacific Railway Company took part, led to the formation of the Atlantic Conference (also known as the General Pool). It was supplemented in the following year by that of the Mediterranean Conference. Both these agreements were renewed in 1911, and further agreements were concluded with the Russian and Scandinavian lines to complete the system. Agreements on so large a scale had never before been concluded between any shipping companies.

This network of agreements existed until it was destroyed through the outbreak of the war.

During the fluctuating conditions which characterized the shipping business of those years the year 1908 witnessed a depression which, in its after-effects, is comparable only to that caused by the cholera epidemic sixteen years earlier. Business had been excellent for a fairly long time, but it became thoroughly demoralized in the second half of 1907, and an economic crisis of a magnitude such as has seldom been experienced began to affect every country. No part of the shipping business remained unaffected by it; hundreds and

hundreds of ocean-going liners lay idle in the seaports of the world.

Very gradually prospects began to brighten up in the course of 1908, so that the worst of the depression had passed sooner than had been expected. Indeed, in one respect the crisis had proved a blessing in disguise, inasmuch as it had strengthened the inclination of the shipping concerns everywhere to compromise and to eliminate unnecessary competition—the formation of the general pool, in fact, being the outcome of that feeling. The subsequent recovery made up for the losses; and the succeeding years, with their very gratifying financial results, and their vast internal consolidation, represent the high-water mark in the development of the Hamburg-Amerika Linie.

Shortly after the end of the depression a renewed spell of building activity set in. First of all a new cargo steamer, possessing a burden of 12,000 tons—which was something quite unusual at the time—was ordered to be built by Messrs. Harland and Wolff, at a price which was also unusually low. It almost created a record for cheapness; and the courage of the builders who accepted such an order at such terms was greatly admired. A German yard—the Vulkan, of Bremen—then came forward with a similar offer, because the German shipbuilders, too, were glad to provide their men with work. The result of the combined labour of both these firms was a type of cargo boat which proved extremely useful, especially in the Far Eastern trade, and which represented a good investment to the company.

Gradually the other branches of the business began to increase their activity, and the service to North America especially received the close attention of the company's management. Meanwhile, other shipping companies had added some vessels of the very highest class to their fleets. The two big turbine steamers of

the Cunard Line, the *Lusitania* and the *Mauretania*, had attracted many passengers, and the White Star Line had the mammoth liner *Olympic* building, which was to be followed by two others of the same type, the *Titanic* and the *Gigantic*. The new Cunarder, the *Aquitania*, was to be of the same type, so that once more the public was offered the choice of steamers of a kind unknown until then. This competition compelled the Packetfahrt to follow suit, and Ballin commenced to evolve plans for the building of a new vessel which, of course, had to surpass the highest achievement of the competing lines, i.e. the *Olympic*. Thus, in co-operation with the Vulkan yard, of Stettin, and with Messrs. Blohm and Voss, of Hamburg, the plans for the three steamers of the "Imperator" class were designed. The competition among the various yards had been extremely keen, and the Vulkan yard secured the order for the building of the first unit of this class, the *Imperator*. From the point of view of speed, these new vessels resembled the fast steamers of the older kind; with regard to their equipment, they represented a combination of this type and that of the *Kaiserin*, but from the business point of view they were quite a novelty, as the basis of their remunerativeness was no longer the cargo and steerage business, but the cabin business. If the booking of a certain number of cabins could be relied on for each voyage an adequate return would be assured. Everything, therefore, was done to attract as many cabin passengers as possible. These vessels were a triumph of German shipbuilding and engineering skill; and the senior partner of Messrs. Blohm and Voss, when the *Vaterland* was launched, stated with just pride that she was the biggest vessel in existence; that she was built on the biggest slip; that she had received her equipment under the biggest crane, and that she would be docked in the biggest floating dock in the world. The launching

of the third and biggest of the three steamers, the *Bismarck*, represented a red-letter day in the life of Ballin and in the history of the company. Nominally she was christened by the granddaughter of the Iron Chancellor, but actually by the Kaiser. The bottle of champagne used for the purpose did not break when it left the young lady's hands; but the Kaiser seized it, and with a sweeping movement of the arm hurled it against the stem of the huge vessel. To remove as far as possible the last vestige of the unhappy estrangement between the Kaiser and the Chancellor had always been Ballin's earnest desire. So it filled him with great joy when he was enabled to dedicate the greatest product of his life-work to the memory of the Prince whom he admired intensely; and still more was he pleased when the Kaiser consented to take part in the ceremony. He had often expressed his regret at the unfortunate stage management in connexion with the Kaiser's visit to Hamburg after the unveiling of the Bismarck monument, when he was driven past it without an opportunity having been arranged for him to inspect it. Such a course, Ballin remarked, was bound to create the impression that the Kaiser had intentionally been led past it. "I wish I had been permitted to speak to the Kaiser about it beforehand," he told me afterwards. "I am sure he would have insisted upon seeing it." Proper stage management plays so prominent a part in the life of royalty, and it can be of such great use in avoiding certain blunders and in hiding certain shortcomings that it is much to be regretted that the Kaiser had so often to dispense with it.

The entering into the Packetfahrt's service of the "Imperator" type of steamers represented an extraordinary increase in the amount of tonnage which the company employed on the New York route; and when the North German Lloyd refused to allow the Packet-

fahrt a corresponding addition to its percentage share under the pool agreement, which the Packetfahrt believed itself justified in asking for, a conflict threatened once more to disturb the relations existing between the two companies. As a result the position of both was weakened in Austria, where the Government cleverly used the situation to its own advantage. Apart from this, however, not much damage was done, as negotiations were soon started with the object of securing the conclusion of a far-reaching community of interest agreement which was not merely to be restricted to the transatlantic services of the two companies. If these negotiations could be brought to a successful issue, Ballin thought that this would be the dawn of a new era in the contractual relations existing between shipping firms everywhere, because he believed that such development would not be confined to the German lines, but would assume international proportions. The agreements actually in force seemed to him obsolete—at least in part. That this should be so is but natural, as the factor which it is intended to eliminate by the terms of such agreements—man's innate selfishness—is, after all, ineradicable. " Nature," in the words of the Roman poet, " will always return, even if you expel it with a pitchfork." Wherever a human trait like selfishness is to be kept within certain bounds by means of written agreements, it becomes necessary not only to make small improvements from time to time, but to subject the whole system to a thorough overhauling every now and then.

Many events affecting the progress of the company's business have no reference in these pages, but the reader can visualize the importance of Albert Ballin's life-work if he keeps before his mind the fact that while in the early part of 1886 the Hamburg-Amerika Linie maintained but a mail service from Hamburg to New York and four

lines to Mexico and the West Indies, from that date to 1913 fifty new services were added to the existing ones.

The fleet possessed by the Hamburg-Amerika Linie in 1886 consisted of 22 ocean-going steamers, totalling 60,531 G.R.T.[1] By the end of 1913 these figures had increased to 172 steamers and 1,028,762 G.R.T. respectively. During the twenty-eight years 269 vessels of 1,388,206 tons had been added, either by new building or by purchase, and 101 steamers of 346,927 tons had been sold. At the end of 1913 19 steamers of 268,766 tons were building, so that, including these, the total tonnage amounted to 1,360,360 G.R.T. at that date.

During the same period the joint-stock capital of the company had increased from 15 to 157½ million marks, the debenture issues from 5·6 to 69·5 million marks, and the visible reserves from 3,595,285 to 58,856,552 marks.

The working profits of the company during those twenty-eight years amounted to 521,727,426 marks, 2,735,700 of which were Government subsidies received during the temporary participation in the Imperial Mail Service to the Far East.

The average dividend paid to the shareholders was 7·02 per cent. per annum. This figure, to my thinking, proves that the biggest steamship company the world has ever known was to a small extent only a " capitalist enterprise." Out of a total net profit of over 500 millions, no more than 140 million marks went to the shareholders as interest on their invested capital ; by far the greater part of the remainder was used to extend the company's business, so that the country in general benefited by it.

Concerning one matter which played an important part in Ballin's career, viz., the relations between his company and the North German Lloyd, the reader may perhaps desire a more exhaustive account. There cer-

[1] Gross registered tonnage.

tainly was no want of rivalry between the two companies. One notable reason for this was the fact that at the time when Ballin joined the Packetfahrt the latter had fallen far behind its younger competitor in its development, both from the business and the technical point of view. The Packetfahrt, in particular, had not kept pace with the technical progress in steamship construction, and the consequence was that, when the pool was set up, it had to content itself with a percentage which was considerably less than that allotted to the Lloyd. The enormous advance made under the Ballin régime naturally caused it to demand a larger share. At the same time the Lloyd also increased its efforts more than ever before, and thus a race for predominance was started between the two big companies, which greatly assisted them in obtaining the commanding position they acquired as the world's leading shipping firms. I do not think this is the place to go into all the details of this struggle, and I shall confine myself to reproducing an article which Ballin himself contributed in 1907 on the occasion of the fiftieth anniversary of the foundation of the North German Lloyd. As this article throws several interesting sidelights on the development of transatlantic shipping enterprise, it may furnish a suitable conclusion to the account given in the present chapter :

" The year 1907 is one which will stand out prominently in the history of our transatlantic shipping on account of the two anniversaries which we are going to celebrate during its course. On May 27th it will be sixty years since the Hamburg-Amerika Linie was called into existence, and on February 20th the North German Lloyd will celebrate the fiftieth anniversary of its foundation. I suppose that a more competent pen than mine will present us on that day with a detailed account of the development of the great Bremen shipping firm, and my only object in writing this article is

to review in brief the period of more than twenty years during which I have had the pleasure of working hand in hand with our Bremen friends.

"Until the year 1885 the two big companies, the Lloyd and the Packetfahrt, scarcely had any mutually profitable dealings with each other; on the contrary, their relations were characterized by open enmity. It is true that the attempts at a *rapprochement*, which were made from time to time, did in some cases lead to the conclusion of an agreement concerning certain rates to which both companies bound themselves to adhere, but they never lasted more than a short time, and ultimately, far from causing an improvement of the existing state of things, they left matters worse than they had been before. I think I may congratulate myself on being the first to have brought about a better understanding between the two companies which, in the end, paved the way to the establishment of a lasting friendship which has grown closer and closer during the past twenty years.

"In 1886, shortly after I had joined the Hamburg-Amerika Linie, when I went to Bremen in order to find out what could be done to lessen or, if possible, to remove altogether the competition between both companies, the conduct of the firm's business had passed from the hands of Consul Meier, who was getting on in years, into those of Director Lohmann. Mr. Lohmann was a man of unusual energy and possessed of a rare gift for organization. In the annals of international shipping his name will be for ever associated with the introduction into the North Atlantic route of fast steamers under the German flag. He had been fortunate enough to meet with a congenial mind on the technical side in the head of the firm of Messrs. John Elder and Co., the Glasgow shipbuilders. At their yard, starting in 1881, a series of fast steamers were built—the *Elbe*, the *Werra*, the *Fulda*, the *Saale*, the *Trave*, the *Aller*, and the *Lahn*—which opened up a new and memorable era in the progress of the means of communication between the Old World and the New. These boats proved of great benefit to the company financially, and they were also a considerable boon to the passengers owing to their speed and punctuality. I recollect talking to

the chairman of a big British steamship company on board one of his steamers in New York harbour in 1888, when the s.s. *Lahn*, of the North German Lloyd, steamed in. My British colleague, filled with admiration, glanced at his watch, touched his hat by way of salutation, and said with honest enthusiasm: 'Wonderful boats; they are really doing clockwork.' He only expressed the sentiment felt by the travelling public generally; everybody appreciated their reliability and punctuality, and the excellence of their service.

"Director Lohmann died very suddenly on February 9th, 1892; he had just concluded an address at a general meeting of the company held at the 'Haus Seefahrt' when he dropped down dead. During the last few years of his life he had not been well advised technically, and failed to adopt the twin-screw principle, as had been done by the Hamburg company. Thus, when the two fast single-screw steamers, the *Havel* and the *Spree*, were built at Stettin in 1890, they were practically obsolete, because the travelling public by that time had come to prefer those of the twin-screw type, owing to the increased safety they afforded.

"In 1888 Consul Meier retired from the chairmanship of the Lloyd, to be succeeded—after the short reign of Mr. Reck—by Mr. George Plate. To Mr. Plate, if I am rightly informed, great credit is due for having secured the services of Director-General Dr. Heinrich Wiegand on the board of the company.

"What the Lloyd has achieved under the Wiegand régime far surpasses anything accomplished in the past.

"The Hamburg-Amerika Linie, meanwhile, had been alive to the needs of the times; and the consequence was a healthy competition between these two steamship companies—by far the biggest the world has ever seen—practically on all the seven seas. This competition, by intelligent compromise, was restricted within reasonable limits, the guiding spirits of the two concerns consciously adopting the policy implied by the strategic principle: 'In approaching the enemy's position we must divide our forces; in attacking him we must concentrate them.'

"It would not be correct to say that this atmosphere of friendship had never been clouded—it would, indeed, have been tedious had it been otherwise than it was. Up to now, however, Wiegand and I have always been able to maintain pleasant relations between our two concerns, and in the interests of both of them it is sincerely to be hoped that this spirit of mutual understanding will continue to animate them in the future."

CHAPTER VII

The Technical Reorganization of the Hamburg-Amerika Linie

In another chapter of this book the big passenger boats of the Hamburg-Amerika Linie have been described as the outcome of Ballin's imaginative brain. This they were indeed, and in many instances it is scarcely possible to say how far the credit for having built them is due to the naval architect, and how far it is due to Ballin. He was profoundly against employing *one* system throughout, and on accepting the views of *one* expert exclusively; and this aversion was so pronounced that he objected on principle to the nomination of any technical expert to the Board of his company. The company, he said, is surely going to last longer than a lifetime or two. Besides, it must try to solve the problem of perpetual youth, and therefore it cannot afford to run the risk of staking its fortune on the views held by one single man who is apt to ignore the progress of his science without noticing it. The same dislike of onesidedness induced him to encourage to the best of his capacity a healthy competition among the various shipyards, and to avail himself of the experiences gained not only by the German yards but by their British rivals also. At an early stage of his career close business relations were established between himself and Messrs. Harland and Wolff, of Belfast; and a personal friendship connected him with the owner of that firm, Mr. (now Lord) Pirrie. Acting upon the example set by the White Star Line, Ballin made an agreement with

Messrs. Harland and Wolff as early as 1898, by which the latter bound themselves always to keep a slip at the disposal of the Packetfahrt. The reason which prompted Ballin to make this arrangement was, as he explained to the Board of Trustees, that the company's orders for new construction and repairs had nowhere been carried out more satisfactorily and more cheaply than by the Belfast yard, where all the new vessels ordered were built under a special agreement, i.e. at cost price with a definitely fixed additional percentage representing the profits and certain expenditure incurred by the builders. This arrangement enabled the Packetfahrt to become acquainted with whatever was latest and best in British shipyard production, and, as it were, to acquire models which it could improve upon in German yards after they had been tested on actual service. Some of the best and most important types of vessels which the Packetfahrt has produced owe their origin to this system; and it is only fair to say that it exercised an entirely beneficial influence on the progress of the German shipbuilding industry, the prosperity of which is largely due to the fact that it has profited from the century-old experience gained by the British yards and by British ocean-shipping.

Ballin held the view that, just as the shipbuilding expert had to watch the progress of naval architecture and to make practical application of its results, and just as the merchant had to exploit this progress for the benefit of his business, the shipowner—especially the one who maintains a service of passenger boats—has the special task of making every step in the direction of further advance serviceable to the needs of the passengers. Being himself, as has been pointed out elsewhere, gifted with a strong faculty for appreciating things beautiful, and raising no less high demands as regards the beauty and the comfort of all his surround-

ings, Ballin constantly endeavoured to make use of all the results of his own observations and of his own experience for the greater comfort of the passengers. Those who saw the finished products of his imagination, the beautifully appointed "floating hotels," hardly realized how many apparently insignificant details—which, after all, in their entirety make what we call comfort—owe their origin to his own personal suggestions. Each time he made a sea voyage on board a steamer of his own, or of some other company, he brought home with him a number of new ideas, chiefly such as affected technicalities, and matters dealing with the personal comfort of the passengers. Numerous entries in the notebooks which he carried on such occasions are there to serve as illustrations; the following items, for instance, are selected from those which he jotted down, roughly, on a voyage to New York some time in the 'nineties. They speak for themselves, in spite of their sketchiness:

"List of Moselle purveyors wants revision—notices on board to be restricted as much as possible, those which are necessary to be tastefully framed—sailing lists and general regulations to be included in passengers' lists—state cabin on board *Kaiser Friedrich:* key, latch, drawer; no room for portmanteaux and trunks; towels too small—*Deutschland:* soiled linen cupboard too small —stewards *Oceanic* white jackets—celery glasses—butter dishes too small—large bed pillows—consommé cups—playing cards: Packetfahrt complete name of firm—Packetfahrt complete name on Wehber's wine bottles —toast to be served in a serviette (hot)."

Rough notes such as these were used to serve Ballin as the material underlying the detailed reports and instructions to the company's servants which he composed during the voyage, so that not even a long sea voyage gave him the unbroken spell of leisure he so

badly needed. Indeed, the longer it lasted the more chances did it provide for thoroughly inspecting the practical working of the steamer. Many other reports are in my possession, but the one given will serve to emphasize the meticulous quality of observation he possessed, and how practical was his mind in regard to details of comfort and convenience, and the special climatic needs of different routes.

Even where the peculiar conditions obtaining in tropical climates were concerned—conditions with which he was personally quite unacquainted—he unfailingly discovered any defects that might exist, and also the means by which they could be remedied.

Ballin's connexion with the Packetfahrt practically coincides with the whole of that period during which the immense progress of modern steamship building from humble beginnings to its present stage of development took place; with the only exception that the North German Lloyd had already, before Ballin joined the Packetfahrt, established its services of fast steamers which were far ahead of those maintained by other shipping companies owing to their punctuality and reliability, and which Ballin then set himself to improve upon and to excel. Apart from this one type of vessel, the science of steamship construction, as seen from our modern point of view, was still in its infancy.

In 1886 the steamships owned by the Hamburg-Amerika Linie were mainly of two different types, viz., those used in the North Atlantic service (principally on the New York route), and those used in the Mexico-West Indies service.

The expansion of the Packetfahrt's business after Ballin had joined the company, and especially the addition of new services together with the increase in the number of ports of departure and of destination, made it necessary constantly to increase the size and

the carrying capacity of the cargo boats, and the size and the speed of the passenger steamers, as well as to improve and to modernize the passenger accommodation on board the latter. All this, of course, considerably added to the cost price of the vessels, so that, as a further consequence, the facilities for loading and discharging them had to be improved and extended. Four principal types of steamers may be distinguished in the development of the company's fleet, especially of that part of it which was engaged on the North Atlantic route, where the main development took place.

Type One: Fast steamers—twin screws, 18 knots, 8,500 G.R.T.—possessing accommodation for passengers of all classes and provided with comparatively little cargo space, but comfortably and luxuriously appointed throughout. The three leading ideas governing their construction were safety, speed, and comfort; and progress was made to keep abreast of competing lines, until it culminated in the vessels of the "Imperator" class. The *Imperator* was built in 1913. They were quadruple screw turbine steamers, possessing no fewer than 42 multitubular boilers each, and, as they were of a capacity of 52,000 gross register tons, they were nearly three times the size of the *Deutschland*.

Type Two: Ships of medium speed and of considerable size, and therefore providing a high standard of comfort for passengers combined with ample facilities for cargo accommodation.

Type Three: Chiefly built as cargo boats, but in such a way that a part of their space could be utilized for the accommodation of a large number of steerage passengers.

Type Four: Cargo steamers without any passenger accommodation.

The difference between the floating palaces of type No. 1 in 1913 and those vessels which the Hamburg-

Amerika Linie possessed when Ballin first entered upon his career as a shipping man was like that between day and night. A brief comparison of à few details will be the best means of illustrating the enormous progress achieved within less than the lifetime of a generation. The size of the vessels had increased from 3,000 to more than 50,000 tons; the speed from 14 to nearly 25 knots; the height of the decks from 6½ to 8 feet in the lower decks, whilst that of the upper ones, as far as the social rooms were concerned, amounted to as much as 20 feet. Large portions of the upper decks were reserved for the social rooms, the finest of which—the ball-room—could challenge comparison with almost any similar room in any hotel ashore with respect to its size and to the magnificence of its furnishings and of its decoration. From a technical point of view, too, the construction of such a huge room on board a vessel, which possessed a floor space of 4,800 square feet, and a ceiling unsupported by any columns or pillars of any kind, was an unprecedented achievement. Besides, there were immense dining-rooms for each class, smoking-rooms, ladies' saloons, a restaurant, a winter garden, a swimming pool, and numerous smaller rooms suitable for the relaxation and amusement of the passengers.

On the older boats the arrangement was that the small cabins were all grouped round the one and only social room on board, so that the occupants of the cabins could hear all that was going on in the social room, and *vice versa*. The superficial area at the disposal of each passenger was gradually increased from 43 square feet in the double cabins to 172 square feet in the cabins of the *Imperator*, so that the latter were really no longer mere cabins, but actual rooms. The suites-de-luxe comprised up to twelve rooms, the largest of which covered an area of 247 square feet.

It must not be thought, however, that the first-class

passengers were the only ones for whose comfort the company catered. The other classes progressed proportionately in added comfort, space, and social facilities, not excepting the steerage.

But by far the greatest improvements made were those in connexion with the enormous progress of the purely technical side of shipbuilding during the whole period under review. The more the vessels increased in size, the less were they liable to the pitching and rolling motion caused when the weather was rough. Moreover, special appliances, such as bilge keels and bilge tanks, were employed to lessen these movements still more, even when the sea was high. The reciprocating engines gradually gave place to higher types, and later on turbines and oil-engines were also introduced. In addition to the propelling machinery a number of auxiliary engines were used which were of various kinds and for various purposes, such as the ventilation of the cabins and the other rooms, the generation of light, the services in connexion with the personal welfare of the passengers and with their safety whilst on board ship. Instead of single bottoms, double bottoms were used, and the additional safety resulting therefrom was still further enhanced by dividing the space between the two by means of a whole network of partitions. The vessels of the "Imperator" class, indeed, possessed practically a double shell, which formed an effective protection against the danger of collision. The lifeboats increased in size and in number, and their shape and equipment were improved. Emergency lighting stations were arranged which could generate a sufficient amount of electric current if the ordinary supply should break down at any time. The whole vessels were divided into self-contained compartments by water-tight bulkheads, the doors of which could be automatically closed. This division into many compartments proved

an effective protection against the risk of fire; but a number of special devices were also adopted to serve the same purpose, e.g. an extensive system of steam-pipes by which each single room could be rapidly filled with steam, so that the fire could be automatically extinguished. Fire-proof material was used for the walls separating adjacent rooms and cabins, and, not content with all this, the company provided its mammoth liners with an actual fire brigade, the members of which were fully trained for their work. The most important improvements affecting the navigation of the steamers were the introduction of wireless telegraphy apparatus, the gyroscopic compasses, the system of submarine direction indicator signalling, and the substitution of two steering gears instead of one, not to mention a series of minor improvements of all kinds.

The provisioning on board the German steamers was of proverbial excellence, the kitchen arrangements were modelled after those found in the big hotels, and were supplied with all manner of supplementary devices. The huge store rooms were divided into sections for those provisions that were of a perishable nature and for those that were not; and for the former refrigerating rooms were also provided in which the temperature could be regulated according to the nature of the articles.

Perhaps the most interesting development of the various types of steamers is that which type No. 2 has undergone. It originated in Great Britain, whence it was taken over in 1894. The first unit of this type added to the fleet of the Packetfahrt was the *Persia*, of 5,800 G.R.T., and a speed of 12 knots, built to accommodate a number of cabin and steerage passengers, and to carry a considerable amount of cargo as well. These boats possessed many advantages over similar ones, advantages which were due to their size, their shape, and the loading facilities with which they were equipped. Ballin

immediately recognized the good points of this type, and he improved it until the vessels reached a size of 13,000 G.R.T., which still enabled them to travel at a speed of 13 knots. They were twin-screw steamers, and were provided with every safety device known at the time. A still further improvement of this type was represented by the *Amerika* and the *Kaiserin Auguste Victoria*, built in 1905 and 1906 respectively, luxuriously equipped throughout; by their large size—they possessed a capacity of very nearly 25,000 G.R.T.—extremely seaworthy, and as they could travel at the rate of 17½ knots, their speed was scarcely inferior to that possessed by the older type of fast steamers. From the point of view of actual remunerativeness they were far superior to the fast steamers, combining, as they did, all the earning possibilities of the passenger and of the cargo vessels.

The development of the types comprising the cargo steamers went hand in hand with the expansion of international trade relations, and with the constant increase in the amount of goods exchanged between the nations. To a certain extent development was limited by the dimensions of the Suez Canal. Still, improvements became possible in this respect too when the depth of the Canal was increased to 27 feet in 1908, 29 feet in 1912, and 30 feet in 1914.

Ballin carefully watched this development, incessantly improving the existing types of his company's cargo boats, so that they should always meet the growing needs of sea-borne trade, and in some instances even anticipating them, until, when the war broke out, twin-screw cargo boats of a capacity of 16,000 tons and possessing a speed of 13 knots were being built for the company.

In a brief outline such as this, it is not possible to enter into details concerning the expansion of the other lines which became affiliated to or otherwise associated with the Packetfahrt in course of time. One special

type, however, ought to receive a somewhat more detailed treatment in this connexion, viz., that of the excursion steamers. The running of pleasure cruises, originally nothing but a mere expedient to prevent the express steamers from lying idle during the dead season, gradually became an end in itself. The Northern and Mediterranean cruises were soon followed by others, e.g. those to the West Indies and the pleasure trips round the globe. Two special steamers, the *Prinzessin Victoria Luise*, and the somewhat smaller and less sumptuous *Meteor*, both of them equipped after the style of pleasure yachts, were built when it was found advisable to make this service independent of the fast steamers and the big passenger boats which had also been employed for this purpose. After the loss of the *Prinzessin Victoria Luise* she was replaced first by a British passenger boat that had been purchased, and then by the *Deutschland*, specially reconditioned for her new purpose, and renamed *Victoria Luise*. Both vessels were extremely popular with the international travelling public, and year after year they carried thousands of tourists to countries and places distinguished for the beauty of their natural scenery or for their historical and artistic associations. They were largely instrumental in constantly augmenting the number of those who formed the regular clientèle of the company.

"Imitation is the sincerest form of flattery." In the realm of shipping it has always been customary for each company to profit by the experience gained and the progress made by its competitors. This applies to the Packetfahrt and its management also; but in their case they have given infinitely more than they have received, and in the whole history of shipping there has never been one single person who has exercised a more stimulating influence on its technical progress than Albert Ballin.

CHAPTER VIII

Politics

Notwithstanding the many business controversies in which Ballin took an important part, it has occasionally been said that he was not really a "fighter." This statement may be allowed to pass quite unchallenged, provided that by the term "fighter" we mean a man whose habit it is to fight to the bitter end. Ballin never indulged in fighting for its own sake, nor was it ever his object to see his vanquished opponent lie prostrate before him. Such a mental attitude he, in his own drastic way, would have described as a "perverted pleasure." Always and everywhere it was his aim to secure to himself and to those he represented the maximum benefit obtainable consistent with the realities of the situation, so that he has been justly described as "a man of compromise."

This feature of his personality, indeed, forms the keynote both to his policy and to the principles on which it was based. Perhaps in other spheres of economic activity it is possible for a struggle between two competing rivals to end in the complete victory of one of them; in the shipping business such an outcome is the exception but not the rule. There a really *weak* opponent is never met with, unless one's rival happens to be exceptionally inexperienced or constitutionally unsound. The minor competitor, where shipping is concerned, is by no means always the less powerful of the two. On the contrary, the contest which inflicts small losses on him inflicts heavy losses on his big opponent, and may easily exhaust the latter first. The last few decades

have witnessed the establishment of many new shipping firms under the auspices of national sentiment. Governments and whole peoples have backed them, and in such cases private undertakings have found it difficult to compete.

During his early training Ballin had so thoroughly convinced himself of the necessity for co-operation and compromise in matters economic that this conviction became the corner-stone of his policy. He also made it his principle never to tie an unwilling partner to an agreement which the latter considered to be detrimental to his vital interests, and he would only approve of an agreement if both parties to it felt satisfied that they had done a good stroke of business by concluding it. The numerous "community of interest" agreements to which he signed his name established, the longer they lasted and the further they were extended, an increasingly intimate contact between the shipping firms all over the world, thus proving that the consistent application of his principles was justified by its success.

In politics, too, he regarded this line of action as the only correct one. Over and over again he described the World War as a "stupid war" or as the "most stupid of all wars," because its origin, the conflict between Austria-Hungary and Serbia, was so utterly meaningless to the progress of the world. Its actual outbreak was caused by the strained economic relations between Hungary and Serbia, or—to put it quite plainly—by the boycott of the Serbian pig, a matter which was surely of no importance to the world's trade and traffic at large. "No Bismarck was needed to prevent *this* war," he often said when speaking of its immediate origin.

This attitude of his does not mean that he shut his eyes to the deep-seated antagonisms which were at the back of these local squabbles, viz., the Franco-Russian

coalition against Germany, and the Anglo-German rivalry. The latter he regarded as sufficient to turn the scale; if it could be adjusted a World War, he felt sure, would be avoided. The possibility of a universal conflagration had been pointed out to him by no less an authority than Prince Bismarck on the occasion of the latter's visit to Hamburg, when he was shown over the express steamer of the Packetfahrt that was to bear his name. "I shall not live to see the World War," Bismarck told him; "but you will, and it will start in the Near East."

With ever-increasing anxiety, Ballin noticed how, as a result of the German naval armaments, the Anglo-German antagonism came into existence, and how in time the position became worse and worse. When the Government, about the year 1900, embarked upon its propaganda for the creation of a big navy, he lent it his active assistance, but in later years he strongly opposed the naval race with Great Britain, trying to the best of his ability to circumvent its disastrous consequences.

The British argument against Germany's naval programme was that a nation which owned one-third of the inhabited globe and intended to maintain its supremacy could not renounce its naval predominance. His knowledge of British mentality—gained, as it was, through many years of intercourse with the English—told him that this reasoning was certainly unassailable from the British point of view, and that England would fight for its recognition to the bitter end. Therefore, he considered the situation could only be met by an Anglo-German understanding. The failure of arriving at such a solution was probably caused—apart from personal motives—by the fact that in Germany the spirit of compromise was not the predominant one, but that its place was taken by an exaggerated opinion of

the country's own strength combined with a certain ignorance regarding foreign countries.

This mental attitude is typical of the two factions which were all-powerful in Germany at the time, viz., what might be called the Old Prussian aristocracy, and the representatives of the heavy industries. The common platform on which these two groups met was the policy to be pursued regarding customs tariffs, which, although it formed the basis of the economic greatness of Germany, also prepared the way for serious international conflicts. During the war these two groups were in charge of what was meant to be the political policy of the country, but which was, in fact, nothing but an inferior substitute for it.

Ballin's international position is illustrated by the fact that he was the first to be approached in the matter of a projected Anglo-German rapprochement, an affair which reached its climax with Lord Haldane's visit to Berlin. Owing to its historical interest this episode is worth a detailed account.

The first steps in this direction date back as far as the year 1908, and the ultimate breakdown of the project did not take place until the outbreak of the war. The British negotiator was Sir Ernest Cassel, who, a native of Germany, had settled in England when quite young, and who had become one of the world's most successful financiers. He was the intimate friend of King Edward from the time when the latter was Prince of Wales, and he also acted as his banker and as his political adviser. The King visited his home almost daily during the last few years of his life to take part in a game of bridge. The motives which may have prompted Sir Ernest to lend his assistance and his great influence to an endeavour which aimed at an understanding between his adopted country and the land of his birth need not, in the case of a man so clever and so experienced, be very far to seek. Sir Ernest repeatedly

referred to himself as a German, and as such he was deprived of his privy-councillorship during the war. Thus it is quite likely that he might have been prompted no less by an inherited predilection for the one, than by an acquired preference for the other country. This very fact may also have enabled him to see matters with particular clearness of vision and without any prejudice. He and his friends reasoned somewhat along the following lines:

The policy of King Edward having led to a considerable strengthening of the position of France on the Continent, there arose the danger of an armed conflict between the continental Powers, especially as many points of dispute threatened at the same time to disturb the relations between Germany and Great Britain. These differences were caused on the one hand by the political activities of Germany as a world power, and on the other by her commercial and industrial expansion which bid fair to relegate Great Britain to a subordinate position. People in England regarded the want of a system of protection similar to the German protective tariffs as the real cause of this development, a want which retarded the progress of British industrialism, and which prevented British financiers from taking an active interest in these matters. The German financiers, however, exerted all their influence on behalf of the industrial expansion of their country, thus emancipating it more and more from foreign capital. The time during which the financing of the German industries by French money (the so-called French "pensions"), i.e. the discounting by French capitalists of bills drawn by German industrialists, played an important part, and even represented a serious menace in days of political tension, had only just passed, but, thanks to the increasing capital strength of Germany, its effects had now quite ceased to make themselves felt.

The advantage to Great Britain of an understanding with Germany was that it would guarantee her maritime supremacy which she was resolved to maintain at any price, whilst at the same time reducing the burden of her naval armaments which, in her case, too, had become wellnigh insupportable. The Liberal Government then in power was particularly interested in such financial retrenchment, being quite aware that the time had arrived for the State to enter upon an era of social legislation.

Contact between Ballin and the above-mentioned British groups was established through the agency of some friends of his connected with German high finance. The fact that the British selected Ballin to start these negotiations is probably due to his well-known friendship with the Kaiser, which suggested the possibility of approaching the German Government—even if only by informal channels in the first instance. This first attempt, should it prove successful, might at any moment be followed up by direct negotiations between the two governments. In view of the traditional close connexion existing in England between business circles on the one hand, and the politicians, the parties, and the Government on the other, such proceedings did not by any means imply a policy of backstairs, but might be relied upon to open up a way for sounding German official quarters in the most natural manner.

The general tenor of Anglo-German relations at that time was somewhat as follows.

The visit of King Edward to Wilhelmshöhe and that of the German Emperor and Empress to Windsor Castle in the summer of 1907 had been of a very friendly character, and, together with other manifestations of friendship exchanged between various German and British societies, they had exercised a favourable impression on public opinion in both countries. But very soon this

friendly feeling was replaced by one of irritation. Great Britain and Russia had concluded an agreement concerning their frontiers in the Middle East, and this led to questions in the Reichstag as to whether German interests had been properly safeguarded. At the same time (in the summer of 1907) the Hague Conference came to an end without having led to an understanding regarding the limitation of armaments, which many people in England would have liked to be brought about. Towards the end of the year the German Government submitted to the Reichstag a Navy Bill by which the life of the capital ships was to be reduced from 25 to 20 years. This was tantamount to asking for the cost of three new ships of the line. Simultaneously a powerful propaganda for the navy was started, and when Prince Rupprecht of Bavaria resigned the protectorate of the Bavarian section of the Navy League, because the League which at that time was presided over by the well-known General Keim had engaged in party politics, his withdrawal had the undesirable effect of focusing public attention on the League's share in this agitation. This step, as was but natural, brought about a change in the chairmanship of the League.

In England the agitation against Germany in general, and against her naval policy in particular, became very violent in the early part of 1908. In February *The Times* announced that the Kaiser, for the express purpose of interfering with the British naval budget, had sent a letter to that effect to Lord Tweedmouth, the First Lord of the Admiralty. His lordship categorically denied in Parliament that the document had any political character whatever, but in spite of this denial, and in spite of the support which he received from Lord Lansdowne and from Lord Rosebery, the matter produced a violent outburst of feeling on the part of the British Press and public. During March, 1908, both houses

of Parliament discussed German and British naval policy in great detail. In an article published by the *National Review*, Lord Esher, the chairman of the Imperial Maritime League, demanded that for every keel laid down by Germany, Britain should lay down two, and General Baden-Powell described the danger of a German invasion as imminent. On the other hand, Sir Edward Grey, the Foreign Secretary, emphasized in one of his speeches the point of view referred to above, viz. that a reduction of the naval burdens would also be desirable in the interest of Britain, but that he could recommend such a policy only if the other governments consented to do the same.

All these considerations might easily suggest to the clear-headed men of business on either side of the North Sea how greatly it would be to the mutual advantage of both if a way could be found towards a limitation of naval armaments.

The first interview between Ballin and Sir Ernest Cassel took place in the summer of 1908, and Ballin afterwards gave the Kaiser a detailed account of it when the latter visited Hamburg and Kiel at the end of June. Another report, based on material supplied by Ballin, was composed by the chief of the Press Department of the Foreign Office, Geheimrat Hammann, for the use of the Imperial Chancellor and the Foreign Secretary, and in the absence of any original account by Ballin himself, it may be permitted to give an outline of its contents below.

Sir Ernest opened the conversation by saying that for a long time back he had desired to discuss the political situation simply in his capacity as a private person, and that he felt qualified to do so because of his intimate acquaintance with some of the leading personages and with politics in general. He would like to contribute his share towards the prevention of a

dangerous development of the existing rivalry. The King felt very keenly that the rapid increase of the German naval forces constituted a menace to Britain's maritime position. He was convinced, however, that his nephew would never provoke a wanton conflict, and that, in his heart of hearts, he loathed the horrors of war. Although, therefore, during his—the King's—lifetime the danger of an Anglo-German war was remote, it was nevertheless necessary that, when his son succeeded him, the latter should find Britain's maritime position so strong that the Kaiser's successor should be unable to assail it.

When Ballin interposed at this stage that the British navy, because of its unchallenged superiority in numbers, need not be afraid of the newly created naval power of Germany, Sir Ernest replied that it was well known to British naval experts that the increase of the German navy was considerably greater than the official statements made in the Reichstag would let it appear. Undoubtedly the British navy would always preserve its superiority, not only numerically, but also technically with regard to material, construction, and armaments. Nevertheless, the advantages possessed by the German system of manning the ships and the great efficiency of German naval officers justified an apprehension lest the German superiority in the human factor might outweigh the British superiority in tonnage. The Boer war had taught England how difficult it was to conquer a high-spirited, though numerically weak enemy. He said that fear of the German danger formed the driving power of the whole policy of the Entente, and that this policy was only meant to guard against that menace. Therefore Russia had been advised at the Reval meeting to forgo the enlargement of her navy, and to concentrate all her energies on her army.

Upon Sir Ernest's intimation that at some date

Britain, together with France and Russia, might inquire of Germany when she intended to put a stop to her naval armaments, Ballin replied that his friend, if he was anxious to render a really valuable service to Britain and to the cause of peace, could do no better than make it perfectly plain that such an inquiry would mean war. Germany would resist with her whole strength any such attempt which unmistakably suggested the methods employed at Fashoda.

During the progress of the interview Sir Ernest—who showed that he possessed excellent information concerning Germany's finances—observed that the state of the same would render it very difficult for her to make war. In that connexion he pointed out the intimate bearing of international finance on political relations, and he emphasized how much the borrowing countries were dependent on the lending ones. Still, even the creditor nations would sometimes be forced into an uncomfortable position, as was, for instance, the case with Great Britain after the United States had passed on to her the greater part of the Japanese debt. In Japan the disproportion between military burdens and economic strength was becoming more and more pronounced, and if the country were faced with the alternative of choosing between the total financial exhaustion of the people and a stoppage of the payment of interest, it would prefer to take the latter course.

In London Ballin was present at the Constitutional Club when a Member of Parliament made a speech in which he stated, with the general approval of his audience, that the position of Britain was not really so good as the policy pursued by the Entente might lead one to believe. The national balance-sheet had been much more satisfactory during the reign of Queen Victoria; the items now appearing on the credit side being partly

bad debts incurred by Spaniards, Portuguese, and Japanese, for whose political good behaviour Britain paid far too high a price, and one should not allow oneself to be misled as to the value of these ententes by balance-sheets which were purposely kept vague.

Geheimrat Hammann told Ballin by letter that Prince Bülow, the Imperial Chancellor, and Herr v. Schön, the Foreign Secretary, were very grateful to him for his information, and that in the opinion of both gentlemen his reply to the suggestion concerning the stoppage of naval armaments was " as commendable as it was correct." Meanwhile the Kaiser had also supplied the Chancellor with a general résumé of Ballin's report to him.

Ballin's visit gave rise to an exchange of letters which it may not be inappropriate to reproduce in this place. By way of explanation, it should first be said that the Sandjak Railway project, to which reference is made in Ballin's letter, had greatly agitated public opinion all over Europe during the spring of 1908. In February, Count Aehrenthal, the Austrian Foreign Minister, at a committee meeting of the delegations, had announced the Government's intention of constructing a railway line connecting the Bosnian system with the town of Mitrovitza in the Sandjak (or province) of Novi Bazar. This announcement led to a violent outburst of the Russian Press, which described this project as a political *démarche* on the part of Austria in the Balkans and as an interference with the Macedonian reforms aimed at by the Powers. In Austria it was thought that Germany would support her ally as a matter of course, and Prince Bülow, in an interview given to a journalist, tried to pacify the *Novoie Vremia*. He declared that the Russian papers were absolutely mistaken when they alleged that the project was inspired from Berlin, and he stated that Austria,

like her German ally, pursued none but commercial aims in the Balkans.

These remarks will be a sufficient explanation of the allusions contained in Ballin's letter of July 13th, 1908, which, after an expression of thanks for the hospitality extended to him, reads as follows:

"By the way, the views I expressed to you on the matter of the Sandjak Railway are now completely borne out by the facts. Both the Kaiser and, later, Prince Bülow have given me positive assurances that the German Government was just as much taken by surprise on hearing of this Austrian project as were the London and Petrograd Cabinets.

"I hope that our respective monarchs may soon meet now. There is nothing that we on our side would welcome more heartily than the establishment and the maintenance of the most friendly and most cordial relations between the two sovereigns and their peoples. The Kaiser will not return home from his Northern cruise and from his visit to the Swedish Royal Court until the middle of August, but I think it is probable that the two monarchs may meet when King Edward returns from Marienbad, and that their Majesties will then fix the date for the official return visit to Berlin. I sincerely trust that this Berlin visit will be of the utmost benefit to both countries."

Sir Ernest Cassel replied:

"I also feel that the meeting of their Majesties must produce a great deal of good, and, as I now hear, it will after all be possible to arrange for this meeting to take place on the outward journey of the King. I am still as convinced as ever that our side is animated by the same friendly sentiments as yours."

The meeting between the Kaiser and King Edward which was suggested in these letters actually took place on August 11th at Friedrichshof Castle, when the King

was on his way to Ischl, and it was accorded a friendly reception in the German Press. It was followed up by an exchange of equally friendly manifestations on the part of the peoples of both countries. Mr. Lloyd George, then Chancellor of the Exchequer, went to Germany in August, 1908, to study the German system of workmen's insurance against disability and old age, and British workmen came to visit German trade unions, and to gather information about German industrial conditions. Official Britain also pronounced herself in favour of an understanding between the two countries which Mr. Lloyd George described as the only means of relieving the European tension, and Mr. Churchill professed similar sentiments.

Shortly afterwards, however, at the end of October, an event took place which severely compromised the Kaiser's policy, viz. the incident of the *Daily Telegraph* interview. In this the Kaiser, amongst other matters, bitterly complained that his friendship for England received such scant acknowledgment. As a proof of the friendly sentiments by which his actions were guided he stated that he, during the Boer war, had refused the humiliating suggestion put forward by France and Russia that the three Powers conjointly should compel Britain to put a stop to the war; that he had communicated this refusal to King Edward, and that he previously had presented Queen Victoria with a plan of campaign mapped out by himself, to which the one actually pursued by Britain bore a striking resemblance. With regard to Germany's naval programme, he emphasized that his country needed a big fleet in order to command attention when the question of the future of the Pacific was discussed. Finally, with regard to Anglo-German relations, the Kaiser said that the middle and lower classes in Germany did not entertain very friendly feelings towards England.

The effect which this interview produced all over Germany was one of profound consternation. Its publication led to the well-known discussions in the Reichstag in November, 1908, during which the Kaiser, to the great dismay of the nation, was staying at Donaueschingen with Prince Fürstenberg, where he was hunting. In England, and abroad generally, people regarded this interview as proving a great want of consistency in the conduct of Germany's foreign policy, and this impression was by no means changed when it became known that its publication was only due to an unfortunate oversight. The Kaiser had sent the account of it, as he was bound to do by the Constitution, to Prince Bülow, who was then staying at Norderney. Bülow, however, did not read it himself, but passed it on to the Berlin Foreign Office to be examined. There, indeed, an examination took place, but only with a view to finding out whether it contained any errors of fact, and when this was proved not to be the case, it was marked to that effect, passed the various ministries without any further examination, and was published. This unfortunate chain of accidents did not, however, alter the fact that the Kaiser ought to have been aware of the great political importance of his utterances. It has always been a chief fault of his to speak out too impulsively when it would have been politically more expedient to be less communicative. Nor can the entourage of the sovereign be excused for not drawing his and the Chancellor's attention to the great political significance of his utterances. The Chancellor himself and the Foreign Office, profiting from their previous experiences with the Kaiser and his appearances in public, ought to have used a great deal more circumspection, and it would have been well if the permanent officials in the Foreign Office had shown rather more political insight.

The endeavours of the official circles to remove the tension existing between the two countries were not affected by the incident. On February 9th, 1909, King Edward and his Queen paid their visit to Berlin, thus bringing about the event which Ballin in his letter of July 13th, 1908, had described as so very desirable. To appreciate the importance of this strictly official visit, we must bear in mind the fact that it did not take place until the ninth year of the reign of King Edward. This long postponement was no doubt due to a large extent to the estrangement between uncle and nephew, and this, in its turn, had its origin in the natural dislike which the Kaiser felt for his uncle's mode of conducting his private life while still Prince of Wales. It would have been preferable, however, to relegate such personal likes and dislikes to the background where politics or business were concerned. British official comments emphatically underlined the significance of the visit, and the German Press followed suit, although voices were not wanting to warn against any over-estimation of such acts of courtesy. The reply given in the Reichstag by Herr v. Schön, the Foreign Secretary, to a question as to whether any suggestions had been put forward by Great Britain with respect to a reduction of naval armaments was very cool in its tone. His statement amounted to this: that no formal proposal for an understanding which might have served as a basis for negotiations had been received, probably for the reason that it was not customary among friendly Powers to put forward any proposals of which it was doubtful to say whether they would be entertained.

In spite of this cold douche and in spite of other obstacles, the promoters of an understanding, Ballin and Sir Ernest Cassel, did not cease their efforts in that direction. In July, 1909, Ballin paid a second visit to Sir Ernest, during which the political discussions were

continued. On these latter he reported to the Kaiser as follows:

"My friend to whom I had intimated in a private letter written about a week earlier that it was my intention to visit him—at the same time hinting that, for my personal information, I should like very much to take up the threads of the conversation we had had a twelvemonth ago on the subject of the question of the navy—had evidently used the interval to supply himself at the proper quarters with authoritative information about this matter. During the whole of our long talk he spoke with extraordinary assurance, and every word seemed to be thought out beforehand.

"At the commencement of our conversation I said to my friend that in view of the great excitement which reigned in England on account of the German naval armaments, and which was assuming a decidedly anti-German character, he would quite understand that I should desire to take up once more the interesting discussions which we had had on the same subject a year ago. I pointed out that this excitement —spread as it was by an unscrupulous press and fostered by foolish politicians—was apt to produce results altogether different from those which the Government might perhaps consider it desirable to bring about within the scope of its programme. I emphasized the fact that, of course, I was merely speaking as a private citizen, reading with interest the English papers and the letters of his English friends, so that all my knowledge of the subject was derived from private sources.

"A year ago, I said, my friend, in the clear and concise manner that distinguished him, had explained to me the need for an understanding between Germany and Britain governing the future development of their naval forces, at the same time requesting me to exert myself in that sense. This suggestion of his had not been made in vain. The fact that I had been successful in establishing complete concord amongst Germans, British, French, Italians, Austrians, and a whole series of small nations on questions affecting their highly important shipping interests, and in replacing an

unbridled and economically disastrous competition by friendly agreements to the benefit of each partner, was bound to make me sympathize with any measures that it was possible to take in order to bring about a similar result between the Governments if only they were met in the right spirit. I, therefore, had made up my mind to submit such a plan to our Government, but before doing so, it would be necessary for me to know whether Britain still adhered to the principles which my friend had enunciated to me at our previous meeting.

"Sir Ernest's reply was that as far as Britain was concerned a great change had taken place during the interval, and that he was no longer able to endorse the views he had held at that time. The necessity for his country to maintain her supremacy on the sea at all hazards, and subject to no engagements of any kind, was now more clearly recognized than it had been a year ago. A one-sided understanding between Germany and Britain could no longer be thought of, since both Austria and France had now voted large sums for the enlargement of their respective navies. Austria would certainly be found on the German side, but France could by no means be said to be an asset on which it would be safe for Britain to rely, to say nothing about the two 'dark horses,' Russia and Italy. If Britain, in view of these uncertainties, were to permit Germany to nail her down to a fixed programme, she would dwindle down to a fifth-rate Power. Germany possessed her overwhelmingly large army with which she could keep in check Austria, Italy, Russia, and France, but Britain had nothing but her navy to guarantee her existence as a world power and to safeguard the roads that linked her to her colonies. For many decades Britain had enjoyed opportunities for accumulating big fortunes. These times, however, had now passed. During the reign of the Emperor William II, who, with a consistency which it would be difficult to praise too highly, had made his country a commercial power of world-wide importance, and who had raised German industrial enterprise and German merchant shipping to a condition of undreamt-of prosperity, Britain sustained immense losses in her overseas commerce. British trade was declining, and there was no doubt

but that in the long run Britain would be compelled to abandon her principles of Free Trade.

" The question of the Austrian naval armaments appeared to trouble my friend more than anything, and this circumstance, combined with the doubtful attitude of Russia and the uncertainty of the situation in France, was evidently a source of great anxiety to the King. My friend remarked in this connexion that in his opinion the moment chosen for the conclusion of an understanding was very favourable to German but very unfavourable to British interests. It was useless to talk of an agreement so long as an element of mutual fear had to be reckoned with. At present this fear, manifested itself in Britain in a manner which was most inopportune, so that it was bound to make the German public believe that Britain would be ready to come to an understanding even if the terms of it were detrimental to her own interests. Britain had got behindhand both with her commerce and with her naval programme. To fight her competitors in the world's trade with a fair chance of success was impossible for more reasons than one, but the elimination of the disadvantage from which she suffered with respect to her naval armaments was merely a question of money. The funds that were required to bring the British Navy up to the necessities of the international situation would certainly be found, because they had to be found.

"I told my friend that I was astonished to hear how completely his views had changed on these matters. Not what he did say, but what he had left unsaid, made me suspect that official circles in England—partly, perhaps, through the fault of the German Government—had arrived at the conclusion that the latter would refrain from a further strengthening of the navy after the existing naval programme had been carried out, and that it would merely content itself with the gradual replacement of the units as they became obsolete. Such a proceeding could be justified only if the same plan were adopted by Britain also. If, however, his remarks implied that in the opinion of his Government the moment had now arrived for altering the ratio of naval strength existing between both countries by a comprehensive programme of new building, it would soon become evident

that there were some flaws in that calculation. In view of any such intentions it was my opinion—which, however, was quite personal and unofficial—that Germany would have to decide upon such an increase of her navy as would enable her to carry on a war of defence with the certainty of success. If, therefore, Britain meant to go on building warships on a large scale, this would merely lead to an aimless naval race between the two countries.

"These remarks of mine concluded our first conversation, and I accepted my friend's invitation to dine with him that evening in company with some prominent men of his acquaintance.

"In the evening I was greatly surprised to see that I was the only guest present. My friend told me that, in order to be alone with me, he had cancelled his invitations to the other gentlemen, stating that he did not yet feel well enough to see them. It was obvious to me that he had, meanwhile, reported on the outcome of our conversation, and that the atmosphere had changed. This change had without doubt been brought about by my remarks concerning the necessity for a further enlargement of the German Navy, if the action of Britain compelled our Government to take such a course. The long discussions that followed proved that this view of mine was correct in every detail.

"Sir Ernest explained that the Liberal Cabinet had acted penny wise and pound foolish in dealing with the question of the navy. This was the conviction of the great majority of the British people, and this action had caused the feelings of apprehension and of hostility animating them. The Liberal Government had thus made a serious blunder, and had, in his opinion, prepared its own doom by doing so. He thought the days of the Liberal party were numbered, and another party would soon be in office. Anti-German feeling would be non-existent to-day if the Liberal cabinet had not, because of its preoccupation with questions of social policy, neglected the navy. The whole matter was further aggravated by other questions of a political kind. France, on account of the French national character, had always been a doubtful asset to Britain, and, considering the state of her internal politics, she was so now more than

ever. Germany, on the other hand, possessed a great advantage in that her military preponderance enabled her to rely with absolute certainty on her Austrian ally. He would say nothing about Russia, because he had never regarded the Anglo-Russian *rapprochement* as politically expedient.

"If it was admitted—and he thought this admission was implied by my remarks—that her colonial and her commercial interests made it imperative for Britain to maintain an unchallenged supremacy on the seas, he felt certain that some reasonable men would, after all, be able to discover a formula which would make an understanding between both countries possible. A great difficulty, however, was presented by my often reiterated demand that Britain must not abandon her principles of Free Trade. In questions such as these, she could, indeed, speak for herself, but not for her great colonies. History had proved that she lost her American colonies as soon as she tried to foist her own commercial policy on the colonists. He had no doubt that Germany, despite the disagreeable surprises which she had experienced when adjusting the system of her Imperial finances, possessed sufficient wealth to go on increasing her navy in the same proportion as Britain. The great mistake committed by the Liberal cabinet and by the other advisers of the King had been their assumption that financial considerations would prevent Germany from carrying out her naval programme in its entirety. German prosperity had grown far more rapidly, he thought, than even the German Government and German financial experts had believed to be possible. Signs of it could be noticed wherever one went, and one would turn round in astonishment if, during the season, one heard the tourists in Italy or in Egypt talk in any language but German. He, at any rate, felt certain of Germany's ability to keep pace with Britain in the naval race, even if that pace was very greatly accelerated.

"Reasons of internal policy had convinced him that Britain would not in any case abandon her Free Trade principles within a measurable period of time, and as it was not intended to conclude a perpetual agreement, but only one for a limited number of years, he thought it was not

at all necessary that Germany should insist upon her demand in connexion with this question. As the colonies enjoyed complete independence in these as in other matters, the difficulties would be insurmountable. In return for such a concession on Germany's part, Britain would doubtless be willing to meet the views of the German Government in other respects. For these reasons he would be quite ready to change the opinion he had expressed in the morning, and to agree that it could produce nothing but good if either side were to appoint some moderate men for the purpose of discussing the whole question. Such a meeting would have to be kept absolutely secret, and both parties should agree that there should be no victor and no vanquished if and when an agreement was concluded. This condition would have to be a *sine qua non.*

"I promised Sir Ernest that I would use my best endeavours to this end when an opportunity should present itself, and we arranged to have another meeting in the near future.

"There is no doubt but that my friend is an extremely well-qualified negotiator. I do not recollect that during my long experience, extending over many years, I have ever come across a man who could discuss matters for hours at a time with so much self-reliance, deliberation, and fixity of purpose."

This report was passed on by the Kaiser to Herr v. Tirpitz, the Secretary for the Navy, who not only expressed his approval of the project, but also recommended that the Imperial Chancellor, Herr v. Bethmann-Hollweg, who had succeeded Prince Bülow on July 14th should be kept informed of all that was done to bring about an understanding. The Chancellor, accordingly, was presented by the Kaiser himself with a copy of Ballin's report. This was the correct thing to do, as it avoided a *faux pas* such as, during the chancellorship of Prince Bülow, had sometimes been made. Future developments, however, proved that this step deprived the whole action of its spontaneity, and its immediate

effect was that the Secretary for the Navy was relieved of all responsibility in the matter. Ballin, in later days, summed up his views on this way of dealing with the subject by saying that if Herr v. Tirpitz had been left a free hand in the whole matter—if, for instance, *he* had conducted it as Imperial Chancellor—it would hardly have turned out a failure. The main object of the negotiations that Ballin had carried on was to ensure that a number of " experts and men of moderate views," i.e. naval experts in the first instance, should join in conference in order to discuss how, without injury to their relative fighting efficiency, both countries could bring about a reduction of their naval armaments. This plan was so simple and so obviously right that, had it been carried out as a preliminary to something else, and had the attention of the experts been drawn to the enormous political importance of their decision, success would have been assured. The procedure, however, which the Chancellor adopted compelled him to combat the active opposition of the various departments involved even before a meeting of the naval experts could be arranged for, and this was a task which far exceeded the strength of Herr v. Bethmann-Hollweg, the most irresolute of all German chancellors, the man to whom Fate afterwards entrusted the most momentous decision which any German statesman has ever had to make.

An interview between Ballin and the Chancellor was followed up, with the consent of the latter, by an exchange of telegrams between Ballin and Sir Ernest Cassel. From these it became clear that official circles in London were favourably disposed towards the opening of discussions in accordance with the terms laid down in Ballin's report, and Ballin approached the Chancellor with the request to let him know whether he should continue to work on the same lines as before,

or whether the Chancellor would prefer a different method, by which he understood direct official negotiations. In a telegram to the Chancellor he explained that in his opinion Sir Ernest's reference to the friendly disposition of official London implied that he was authorized to arrange the details about the intended meeting of experts. If, therefore, he went to England again, he would have to know what were the views and intentions of the Chancellor. The reply of the latter, dated August 11th, was as follows:

"Many thanks for your welcome telegram, which has found my closest attention. I shall send you further details as soon as I have interviewed the gentlemen concerned, which I intend to do to-morrow and during the next few days."

This reply clearly showed that the Chancellor had made up his mind to deal with the matter along official lines and in conformity with his own ideas.

The subsequent course of events is indicated by a letter of the Chancellor to Ballin, dated August 21st, in which he says:

"I have to-day taken the official steps of which I told you. As Sir Ernest Goschen[1] and I have agreed to observe absolute secrecy in this matter, and as a statement of your friend to the British Government to the effect that I had undertaken an official *démarche*, might possibly be regarded as an indiscretion, I suggest that if you inform your friend at all, you should word your reply in such a way that this danger need not be feared."

This letter shows, and later events have also proved, that the guiding spirits of Germany's political destiny were unable to meet on such terms as expediency would

[1] Then British Ambassador in Berlin.

dictate the overtures of a man like Sir Ernest Cassel, whose status and whose good intentions were beyond criticism. If, on receipt of this news, Sir Ernest, who had been working so hard for an understanding, was not entirely discouraged, it was no doubt due to the diplomatic skill with which Ballin—who was a master of this art, as of so many others—interpreted the Chancellor's rebuff when communicating it to his friend.

That the latter's account of British feeling towards Germany was perfectly unbiased, may also be inferred from another piece of news which reached Ballin about the same time from a British source, and which reads as follows:

"My only object in writing just now is to say that if there is any feeling in high quarters in your country favourable to coming to an understanding with this country concerning naval matters, I am quite satisfied from the inquiries I have made that the present would be an opportune time for approaching this question, and that the present Government of this country would be found entirely favourable to coming to such an arrangement."

However, by that time, the matter was in the hands of the various departments, and they proved unable to make a success of it. Why they failed, and why the step which Herr v. Bethmann had taken with the British Ambassador produced no results, are questions which can only be answered by reference to the files of the Foreign Office.

Mr. Asquith, in a speech dealing with the British naval programme delivered on July 14th, 1910, explained why no understanding with Germany had been arrived at.

"The German Government told us—I cannot complain, and I have no answer to make—that their procedure in this

matter is governed by an Act of the Reichstag under which the programme automatically proceeds year by year. That is to say, after the year 1911-12, the last year in which under that law four Dreadnoughts are constructed, the rate of construction drops in the two succeeding years to two each year, so that we are now, we may hope, at the very crest of the wave. If it were possible, even now, by arrangement to reduce the rate of construction no one would be more delighted than his Majesty's Government. We have approached the German Government on the subject. They have found themselves unable to do anything; they cannot do it without an Act of the Reichstag, repealing their Navy Law. They tell us—and no doubt with great truth—they would not have the support of public opinion in Germany to a modified programme."

As these statements have never been contradicted, it must be assumed that the departments concerned sheltered themselves behind the formal objection that, owing to public feeling, a repeal or a modification of the Navy Law was out of the question. If this assumption is correct, it is evident that no touch of political genius was revealed in the treatment of this important question. Even the hope that the "crest of the wave" had been reached turned out a disappointment, as was proved by the introduction of the new Navy Bill in 1912.

The objections which Herr v. Bethmann, on March 30th, 1911, raised to an international limitation of armaments can likewise only be described as formal ones. He said:

"If it is the intention of the Powers to come to an understanding with regard to general international armaments, they must first of all agree upon a formula defining the relative position of each. . . . Practically, it might be said, such an order of precedence has already been established by Great Britain's claim that, notwithstanding her anxiety

to effect a reduction of her expenditure on armaments, and notwithstanding her readiness to submit any disputes to arbitration, her navy must under all circumstances be equal —or even superior—to any possible combination. Great Britain is perfectly justified in making this claim, and in conformity with the views I hold on the disarmament problem, I am the last person in the world to question her right to do so. But it is quite a different matter to use such a claim as the basis of an agreement which is to receive the peaceful consent of the other Powers. What would happen if the latter raised any counter-claims of their own, or if they were dissatisfied with the percentage allotted to them? The mere suggestion of questions such as these is sufficient to make us realize what would happen if an international congress—because one restricted to the European Powers alone could not be comprehensive enough—had to adjudicate on such claims."

If this explanation is intended to be a reply to such statements from the British side as the one just quoted from Mr. Asquith, the fact had been disregarded that the most serious problem under discussion—viz. the Anglo-German rivalry—could quite well be solved without convening an "international congress."

As early as December 10th, 1910, Herr v. Bethmann, in a speech delivered before the Reichstag, had enlarged on this same subject from the political point of view:

"As to the relations between ourselves and Great Britain, and as to the alleged negotiations with the latter country concerning a mutual curtailment of naval armaments, I am bound to say that the British Government, as everybody knows, has more than once expressed its conviction that the conclusion of an agreement fixing the naval strengths of the various Powers would conduce to an important improvement of international relations. . . . We, too, share Great Britain's desire to eliminate the question of naval competition, but during the informal *pourparlers* which have taken place from time to time, and which have been

conducted in a spirit of mutual friendship, we have always given prominence to our conviction that a frank discussion of the economic and political spheres of interest to be followed up by a mutual understanding on these points would constitute the safest way of destroying the feeling of distrust which is engendered by the question of the respective strengths of the military and naval forces maintained by each country."

The speech which Sir Edward Grey delivered in the House of Commons on March 14th, 1911, with special reference to this speech of Herr v. Bethmann shows unmistakably that the remarks of the latter did not reassure Great Britain with respect to the only point at issue in which she was interested, viz. the limitation of the German naval programme. Britain, according to Sir Edward, did not desire that her relations with any Power should be of such a nature as to impede the simultaneous existence of cordial relations with Germany. An Anglo-German agreement had been specially suggested. This suggestion required some careful thinking over. If he were to hold out any hope that Germany, in compliance with the terms of some such agreement would be willing to cancel or to modify her naval programme, he would be contradicted at once. Only within the limits of this programme would it be possible to come to some understanding between the two Governments. It might, for instance, be agreed to spread the expenditure voted for the navy over a longer term of years, or to arrange that the present German programme should not be increased in future. Matters such as these could form the subjects for discussion between the two Governments, and it would be desirable from every point of view that an understanding should be arrived at. To this speech the *North German Gazette* replied that Germany would be quite prepared to fall in with Sir Edward's suggestions if agreements such as those

outlined by him could in any way allay the feeling of distrust governing public opinion in Great Britain. If from this semi-official pronouncement it may be inferred that Herr v. Bethmann on his part was favourably disposed towards an agreement, the question arises: "Why was it not concluded?"

In order to understand why the British Cabinet attached so much value to the settlement of the Anglo-German naval questions and to the pacification of public opinion, it must be remembered that the Liberal Cabinet, owing to its hostile attitude towards the House of Lords, had drifted into a violent conflict with the Conservative party, and that the latter, in its turn, during the election campaign had accused the Cabinet of having neglected the navy, driving home its arguments by constantly pointing out the "German danger." Moreover, King Edward had died in the meantime (May 6th, 1910), and of his son and successor it was said that he, at the time of his accession to the throne, was no longer a man of unbiased sentiment, that he was very anti-German, and that he was under the influence of a small group of Conservative extremists.

It may not be out of place to reproduce in this connexion the text of two accounts dealing with the situation in England which Ballin wrote in the spring and in the summer of 1910 respectively, when he was staying in London, and which he submitted to the Kaiser for his information.

In the early part of 1910 he wrote:

"If I were to say that London was completely dominated by the election campaign, this would be a very mild way of characterizing the situation as it is. The whole population has been seized with a fit of madness. The City men who, until quite recently, had preserved an admirable calm, have now lost their heads altogether, and are the most ardent advocates of Tariff Reform. Every victory of

a Conservative candidate is cheered by them to the echo. Under these circumstances, even in the City, the fear of war has grown. If we ask ourselves what it is that has brought about such an extraordinary change in the attitude of commonsense business people, we find that there are several reasons for it, viz. the general slump in business; the unfortunate policy of Lloyd George with regard to the Irish Nationalists; the advances he made to the Labour Party, and the effects of his social legislation which are now felt with increasing seriousness.

"Business is bad in England, and up to now very little has been seen of the improvement which is so marked in Germany. It is but natural that, in view of the extended trade depression which has so far lasted more than two years, a people endowed with such business instincts as the British should feel favourably disposed towards a change of the country's commercial policy. This disposition is further strengthened by the constant reiteration of the promise that it will be possible to provide the money needed for new warship construction and for the newly inaugurated social policy by means of the duties which the foreigner will be made to pay.

"It seems pretty certain that the present Government, in spite of the great election successes gained by the Conservative party, will still retain a slight majority if it can rely on the Nationalist vote. That is what I had always predicted. But the majority on which the Liberal Cabinet depends will doubtless be a very uncomfortable one to work with, and the opinion is general that it will hardly take more than a twelvemonth before another dissolution of Parliament will be necessary. It is said that the elections that will then be held will smash up the Liberal party altogether, but I consider this is an exaggeration. In this country everything depends on the state of business. If, in the course of the year, trade prospects brighten up again, and if everything becomes normal once more, the Tariff Reformers in the City will turn Free Traders again and will take great care not to kill the goose that lays the golden eggs. I am quite convinced that everything hangs on the future development of trade and traffic. To-day, as I have

said before, Tariff Reform and a Zollverein with the Colonies are the catchwords that are on everybody's lips, and the anti-German feeling is so strong that it is scarcely possible to discuss matters with one's oldest friends, because the people over here have turned mad and talk of nothing but the next war and the protective policy of the near future. Large crowds are spending hours every night in the principal squares such as Trafalgar Square, where they have come to watch the announcements of the election results in the provinces. Their behaviour is exemplary. It is a curious thing that in this country the election game is spread over several weeks, in consequence of which the political excitement of the masses is raised to boiling-point. Within a few months' time, I am sure, things will look entirely different again."

From the second report, in the summer of 1910, the following is the salient extract:

"I am now returned from England, and it may not be out of place to report the impressions I received of the political and economic conditions over there.

"My previous visit to London coincided with the big election campaign, and I have already described the fit of mad excitement which had taken possession of the people, and which was directed against Germany.

"The situation has now undergone a complete change, which is noticeable everywhere and which is caused by the close of the election campaign, by the death of the King, and, finally, by the visit of the Kaiser on the occasion of the Royal funeral. Everyone whom I met in London—Liberals and Conservatives alike—spoke in terms of the highest praise of the Kaiser's sympathetic attitude displayed during his stay in England, and which was all the more commendable as it was not denied that he had suffered many slights during the lifetime of his late uncle.

"The attitude of the people towards the new monarch is one of reserve, but also—in conformity with the national character of the English—one of loyalty and good faith. The situation with regard to home politics is as difficult

now as it has been all along. Unless a compromise between the parties is arrived at new elections will be unavoidable in the spring or even before. I have met a great many persons of political experience who are of opinion that, even if a compromise is made, it will be necessary to submit such an arrangement to the decision of the electorate by an appeal to the country. It is difficult to predict the result of such new elections. The views held by large sections of the Press and of the public bear out the truth of the remarks in my previous letter when I emphasized the fact that the British are a nation of business men who act on the principle of 'leave well alone,' and who will refuse to have anything to do with Tariff Reform as soon as there is an improvement in trade.

"Business has, indeed, improved in the meantime, but only very slightly, and much less than in Germany. This slight improvement, however, has not failed to give a fillip to the cause of Free Trade among the City men. If elections in the spring are regarded as likely, much will depend on the further development of trade. I must confess that I take a very pessimistic view as to the future of Great Britain in this respect. The British can really no longer compete with us, and if it were not for the large funds they have invested, and for the sums of money which reach the small mother-country from her great dominions, their saturated and conservative habits of life would soon make them a *quantité négligeable* as far as their competition with us in the world's markets is concerned.

"Of course, their financial strength and their excellent system of foreign politics, in which they have now been trained for centuries, will always attract business to their country, the possession of which we shall always begrudge them (for is not envy one of the national characteristics of the German race?)."

Up to the summer of 1911 the feeling remained friendly. Early in July Ballin wrote:

"To-day the feeling, as far as the City is concerned, is thoroughly friendly towards Germany. The visit in the

spring of the Kaiser and the Kaiserin, on the occasion of the unveiling of the monument to Queen Victoria, has created a most sympathetic impression—an impression which has been strengthened by the participation of the Crown Prince and Princess in the Coronation festivities. At present the Kaiser is actually one of the most popular persons in England, and the suggestion of bringing about an Anglo-German understanding is meeting with a great deal of approval from all sections of the population."

However, this readiness to come to an understanding received a setback during the course of the year, when it was adversely affected by the new developments in the Morocco affair and by the dispatch of the *Panther* to Agadir, which led to fresh complications with France, and later also with Great Britain. The grievances of the latter found expression in a sharply worded speech by Lloyd George in July, 1911, the main argument of which was that Great Britain, in questions affecting her vital interests, could not allow herself to be treated as though she were non-existent. In Germany this pronouncement led to violent attacks on the part of the Conservative opposition against Herr v. Bethmann and against England, and it was the latter against whom Herr v. Heydebrand directed his quotation from Schiller, to the effect that a nation which did not stake her everything on her honour was deserving only of contempt. It is also well known that the outcome of the whole affair, as well as its sequel, the Franco-German Congo agreement, produced much indignation in Germany, where it was felt that the material results obtained were hardly worth the great display of force, and that it was still less worth while to be drifted into a big war in consequence of this incident.

The measure of the anxiety which was felt at that time in business and financial circles all over the world may be gauged by reading the following letter from Ballin

to the Secretary of State, Herr v. Kiderlen-Wächter, in which it is necessary to read between the lines here and there.

"Baron Leopold de Rothschild has just sent me a wire from London in which he says that, on the strength of information he has received from the Paris Rothschilds, people there are greatly disappointed to see that the German answer —the details of which are still unknown there—leaves some important questions still unsolved. Public sentiment in the French capital, he says, is beginning to get excited, and it would be to the interest of everybody to settle matters as speedily as possible.

"I felt it my duty to draw your attention to this statement, and you may take it for what it is worth.

"I need not tell your Excellency that people here and, I suppose, all over Germany, are watching the progress of events with growing anxiety. In this respect, therefore, the desires of the German people seem identical with those of the French.

"It would also be presumptuous on my part to speak to your Excellency about the feeling in England and the British armaments, as the information you derive from your official sources is bound to be better still than that which I can obtain through my connexions.

"With best wishes for a successful solution of this difficult and important problem, I have the honour to remain,

"Your Excellency's most obedient servant,

"(*Signed*) BALLIN."

A most interesting document, and one which casts a clear sidelight on the divergence of opinion held in Germany and Great Britain, and on the chances of arriving at an agreement, is an article which dates from the latter part of 1911.

This article deals with the Anglo-German controversy and was published by the *Westminster Gazette*. It was sent to Ballin by an English friend with the remark that it presented a faithful picture of the views on

foreign affairs held by the great majority of British Liberals. Ballin forwarded it to Berlin for the Kaiser's information, with a note saying that he had received it from one of the most level-headed Englishmen he had ever met. It was subsequently returned to him, with the addition of a number of marginal notes and a lengthy paragraph at its close, all written in the Kaiser's own handwriting. The numerous underlinings, too, are the Kaiser's own work. On account of its historical interest a facsimile reproduction of this article is inserted at the end of the book. The following is a translation of the Kaiser's criticism at the conclusion of the article:

"Quite good, except for the ridiculous insinuation that we are aspiring after the hegemony in Central Europe. We simply *are* Central Europe, and it is quite natural that other and smaller nations should tend towards us and should be drawn into our sphere of action owing to the law of gravity, particularly so if they are of our own kin. To this the British object, because it absolutely knocks to pieces their theory of the Balance of Power, i.e. their desire to be able to play off one European Power against another at their own pleasure, and because it would lead to the establishment of a united Continent—a contingency which they want to prevent at all costs. Hence their lying assertion that we aim at a predominant position in Europe, while it is a fact that they claim such a position for themselves in world politics. We Hohenzollerns have never pursued such ambitious and such fantastic aims, and, God granting it, we shall never do so.

"(*Signed*) WILHELM I.R."

The year 1912 opened with several pronouncements of the British Press in favour of an Anglo-German understanding. It was even hinted that Britain would raise no objections to a possible extension of Germany's colonial activities, or, as one paper put it, "to the foundation of a German African empire stretching from the

Atlantic to the Indian Ocean." Similar sentiments were expressed in a letter from Sir Ernest Cassel to Ballin, dated January 9th, 1912.

"Since writing to you last," says Sir Ernest, "I have had the opportunity of a confidential chat with Mr. Winston Churchill. He is aware that the position which he has now occupied for some time ties him down to some special limitations which will not allow him to pay a visit of the kind you suggest so long as the situation remains what it is. Should the King go to Germany, and should he take Winston with him, he—Winston—would feel highly honoured if he were permitted to discuss the important questions that were demanding a solution. Such an opportunity would have to come about quite spontaneously, and Winston would have to secure the previous consent of the Prime Minister and of Sir Edward Grey.

"Thus far Winston. His friendly sentiments towards Germany are known to you. I have been acquainted with him since he was quite a young man, and he has never made a secret of his admiration of the Kaiser and of the German people. He looks upon the estrangement existing between the two countries as senseless, and I am quite sure he would do anything in his power to establish friendly relations.

"The real crux of the situation is that Great Britain regards the enormous increase of the German Navy as a grave menace to her vital interests. This conviction is a deep-rooted one, and there are no two opinions in London as to its significance.

"If it were possible to do something which, without endangering the safety of Germany, would relieve Great Britain of this nightmare, it is my opinion that people over here would go very far to conciliate German aspirations."

The striking fact that after a long interval, and in spite of the failure of the previous endeavours, a renewed attempt was made to arrive at a naval understanding, and that special pains were taken to ensure its success, may be due to various causes. For instance, the Morocco

incident of 1911 had shown how easily a series of comparatively unimportant events might lead within reach of a dangerous catastrophe, unless the atmosphere of general distrust could be removed, and it was felt in Great Britain that this distrust was largely the result of the constant and regular increase of Germany's armaments. Moreover, it was known that a new Navy Bill was then forthcoming in Germany which, in its turn, would be bound to cause fresh alarm, and growing expenditure in Great Britain, and that the Liberal Cabinet would prefer to gain its laurels by bringing about a more peaceful frame of mind. Finally, Mr. Winston Churchill had been appointed First Lord of the Admiralty in October, 1911, and as he was known to be by no means anti-German, his entering upon office may have given rise to the hope that, while he was administering the affairs of the Navy, it would be possible to settle certain purely technical matters affecting his department, which could then furnish the conditions preliminary to an understanding with Germany. Ballin, at any rate, had cherished the hope—as is borne out by the letter quoted above—that Mr. Churchill could be induced to pay a visit to Germany, and that an opportunity might then be found to bring the naval experts of both countries face to face with each other. Ballin had always eagerly desired that such a meeting should take place, because his long experience in settling difficult business questions had taught him that there was no greater barrier between people, and certainly none that hampered their intellectual *rapprochement* to a larger extent, than the fact of their never having come into personal contact with one another, and of never having had a chance to actually familiarize themselves with the mentality and the whole personality of the man representing the other side. It might also be assumed that, once the two really responsible persons—Churchill

and Tirpitz—had met in conclave, the feeling of their mutual responsibility would be too strong to allow the negotiations to end in failure.

Unfortunately, such a meeting never took place; all that was achieved was a preliminary step, viz. the visit of Lord Haldane to Berlin.

Owing to the lack of documentary evidence it is not possible to say who first suggested this visit, but it is clear that the suggestion—whoever may have been its author—was eagerly taken up by Sir Ernest Cassel and Ballin, and that it also met with a warm welcome on the part of Herr v. Bethmann. In reply to a telegram which Ballin, with the approval—if not at the actual desire—of the Chancellor, sent to his friend in London, a message reached him on February 2nd, 1912, when he was in Berlin engaged on these very matters. This reply, which originated with the Foreign Office, expressed the sender's thanks for the invitation to attend a meeting of delegates in Berlin and his appreciation of the whole spirit which had prompted the German suggestion, and then went on to say that the new German Navy Bill would necessitate an immediate increase in the British naval estimates, because the latter had been framed on the supposition that the German programme would remain unaltered. If the British Government were compelled to find the means for such an increase, the suggested negotiations would be difficult, if not impossible. On the other hand, the German programme might perhaps be modified by spreading it out over a longer period of time or by some similar measure, so that a considerable increase of British naval construction in order to balance the German efforts could be avoided. In that case the British Government would be ready to proceed with the negotiations without loss of time, as it would be taken for granted that there was a fair prospect of the proposed discussions leading to a favour-

able result. If this suggestion was acceptable to Germany, the British Government thought the next step should be a private—and not an official—visit of a British Cabinet Minister to Berlin.

Perhaps it is now permissible to give the text of some documents without any further comment, as these latter speak for themselves. The first is a letter of the Chancellor addressed to Ballin, and reads as follows:

"BERLIN. *Febr. 4th*, 1912.

"DEAR MR. BALLIN,—

"We are still busy wording the text of our reply, and I shall not be able to see you at 11 o'clock. As soon as the text is settled, I shall submit it to His Majesty for his approval. Under these circumstances I think it is doubtful whether we ought to adhere to the time fixed for our appointment. I rather fancy that I cannot tell you anything definite before 12 or 1 o'clock, and I shall ring you up about that time. You have already made such great sacrifices in the interest of our cause that I hope you will kindly accept this alteration as well.

"In great haste.

"(*Signed*) BETHMANN-HOLLWEG."

The next document is a letter of Ballin to Sir Ernest Cassel, intended to explain the situation.

"The demand raised by your official telegram rather complicates matters. The fact is that the Bill as it stands now only asks for half as much as was contained in the original draft. This reduced demand is much less than the nation and the Reichstag had expected. If after this a still further curtailment is decided upon, such a step will create the highly undesirable impression that, in order to pave the way for an understanding with London, it had become necessary to make very considerable sacrifices. This, of course, must be avoided at all costs, because if and when an understanding is arrived at, there must be neither victors nor vanquished.

"I need not emphasize the fact that our Government is taking up the matter with the greatest interest and that it is keenly anxious to bring about a successful issue. The reception with which you have met on our side must have given you convincing and impressive proofs of this attitude.

"I have now succeeded in making our gentlemen promise me—although not without much reluctance on their part—that they would not object to the formula proposed by your Government, viz. 'It is agreed to submit the question of the proposed increase of naval tonnage to a *bona fide* discussion.' Thus there is now a fair prospect of reaching a favourable result, and the preliminary condition laid down by your Government has been complied with.

"I think that the delegate sent should be accompanied by a naval expert. The gentleman in question should also understand that he would have to use the utmost frankness in the discussions, and that he must be able to give an assurance that it is intended to subject the British programme, too, to such alterations as will make it not less, but rather more, acceptable than it is now. Surely, your Government has never desired that we should give you a definite undertaking on our part, whereas you should be at liberty to extend your programme whenever you think fit to do so. A clearly defined neutrality agreement is another factor which will enter into the question of granting the concessions demanded by your Government.

"'Reciprocal assurances' is a term which it is difficult to define; if, for instance, the attitude of Great Britain and her action last summer had been submitted to a court of law, it would hardly be found to have violated the obligations implied by such 'reciprocal assurances,' and yet we were at the edge of war owing to the steps taken by your people.

"I thought it my duty, my dear friend, to submit these particulars to you, so that you, for the benefit of the great cause we are engaged in, may take whatever steps you consider advisable before the departure of the delegate.

"Our people would appreciate it very much if you would make the great sacrifice of coming over to this country when the meeting takes place. I personally consider this

also necessary, and it goes without saying that I shall be present as well.

"P.S.—The Chancellor to whom I have shown this letter thinks it would be better not to send it, because the official note contains all that is necessary.

"However, I shall forward it all the same, because I believe it will present a clearer picture of the situation to you than the note. Please convince the delegate that it is a matter of give and take, and please come. It entails a great sacrifice on your part, but the cause which we have at heart is worth it.

"The bearer of this note is our general secretary, Mr. Huldermann. He is a past master of discretion, and fully acquainted with the situation."

I was instructed to hand the following note by the German Government to Sir Ernest Cassel with the request to pass it on to the British Government, and at the same time I was to explain verbally and in greater detail the contents of Ballin's letter on the situation.

The text of the official note is as follows:

"We are willing to continue the discussion in a friendly spirit. The Navy Bill is bound to lead to a discussion of the naval plans of both countries, and in this matter we shall be able to fall in with the wishes of the British Government if we, in return, receive sufficient guarantees as to a friendly disposition of British policy towards our own interests. Any agreement would have to state that either Power undertakes not to join in any plans, combinations, or warlike complications directed against the other. If concluded, it might pave the way for an understanding as to the sums of money to be spent on armaments by either country.

"We assume that the British Government shares the views expressed in this note, and we should be glad if a British Cabinet minister could proceed to Berlin, in the first instance for the purpose of a private and confidential discussion only."

On the evening of the same day (February 4th) I left for London. I arrived there the following evening and went straight to Sir Ernest Cassel. I prepared the following statement for Ballin at the time, in which I described the substance of our conversation and the outcome of my visit:

"The note which I had brought with me did not at first satisfy our friend. He made a brief statement to the effect that we saw a fair prospect of reaching a successful solution of the problem was all that was needed, and that our answer was lengthy, but evasive. This opinion, however, he did not maintain after the close of our conversation, which lasted more than two hours. I pointed out to him that, as I understood it, the phrase 'We are willing to continue the discussion in a friendly spirit' amounted to a declaration on the part of the German Government that, in its opinion, there was a 'fair prospect,' and that an accommodating spirit was all one could ask at present. He thought that Lord Haldane had been asked to go to Berlin so that a member of the Cabinet should have an opportunity of ascertaining on the spot that Berlin was really disposed to discuss matters in a friendly spirit. On this point positive assurances were needed before Sir Edward Grey and Mr. Winston Churchill went across, who, if they did go, would not return without having effected the object of their visit. Sir Ernest always emphasized that he only stated his own private views, but it was evident that he spoke with the highest authority. The demand for three Dreadnoughts, he said, which the new German Navy Bill asked for, amounted to a big increase of armaments, and Great Britain would be compelled to counterbalance it by a corresponding increase, which she would not fail to do. If, however, Germany were prepared not to enlarge her existing programme, Great Britain would be pleased to effect a reduction on her part. When I referred to the apprehension of the German Government lest Great Britain should take advantage of the fact that Germany had her hands tied, in order to effect big armaments which it would be impossible for us to equal, our

friend remarked that, for the reason stated above, such fears were groundless. In spite of this assurance, I repeatedly and emphatically drew his attention to the necessity for limiting the British programme just as much as the German one. He evidently no longer fancied the suggestion previously put forward that the question of agreeing upon a definite ratio of strength for the two navies should be discussed; because, if this was done, one would get lost in the details. Nevertheless, he did not, as the discussion proceeded, adhere to this standpoint absolutely. He agreed that the essential thing was to establish friendly political relations, and if, as I thought, Germany had reason to complain of British opposition to her legitimate expansion, one could not do better than discuss the various points at issue one by one, similar to the method which had proved so successful in the case of the Anglo-French negotiations. Great Britain would not raise any objections to our desire for rounding-off our colonial empire, and she was quite willing to grant us our share in the distribution of those parts of the globe that were still unclaimed.

"By keeping strictly to the literal text of the German note, he found the latter quite acceptable as far as it referred to the question of a declaration of neutrality. He said there was a great difference between such declarations, and often it was quite possible to interpret them in various ways. I imagined that what was in his mind were the obligations which Britain had taken upon herself in her agreement with France, and I therefore asked him for a definition of the term 'neutrality.' His answer was very guarded and contained many reservations. What he meant was something like this: Great Britain has concluded agreements with France, Russia, and other countries which oblige her to remain neutral where the other partner is concerned, except when the latter is engaged in a war of aggression.

"Applied to two practical cases, this would mean: If an agreement such as the one now under consideration had been in existence at the time of the Morocco dispute last summer, Great Britain would have been free to take the side of France if war had broken out between that country and ourselves, because in this case we—as he argued with

much conviction—had been the aggressors. On the other hand, if we had severed our relations with Italy during the Turco-Italian war and had come to the support of Turkey, Great Britain would not have been allowed to join Italy in conspiring against us if we had an agreement such as the one in question.

"In the interval between my first and my second visit Sir Ernest evidently had, by consulting his friend Haldane, arrived at a very definite opinion, and when I visited him for the second time he assured me most emphatically that Great Britain would concede to us as much as she had conceded to the other Powers, but not more. We could rely on her absolute loyalty, 'and,' he added, 'our attitude towards France proves that we can be loyal to our friends.'

"For the rest, the manner in which he pleaded the British point of view was highly interesting. Great Britain, he argued, had done great things in the past, but owing to her great wealth a decline had set in in the course of the last few decades. ('Traces of this development,' he added, 'have also been noticeable in your country.') Germany, however, had made immense progress, and within the next fifteen or twenty years she would overtake Great Britain. If, then, such a dangerous competitor commenced to increase his armaments in a manner which could be directed only against Britain, he must not be surprised if the latter made every effort to check him wherever his influence was felt. Great Britain, therefore, could not remain passive if Germany attempted to dominate the whole Continent; because this, if successful, would upset the Balance of Power. Neither could she hold back in case Germany attacked and annihilated France. Thus, the situation being what it was, Britain was compelled—provided the proposed agreement with Germany was not concluded—to decide whether she would wait until her competitor had become still stronger and quite invincible, or whether she would prefer to strike at once. The latter alternative, he thought, would be the safer for her interests.

"Our friend had a copy of the German note made by his secretary, and then forwarded it to Haldane. In the course of the evening the latter sent an acknowledgment of its

receipt, from which Sir Ernest read out to me the words: 'So far very good.' It was evident that his friend's opinion had favourably influenced his own views on the German note.

"On Tuesday Sir Ernest and Lord Haldane drove to the former's house after having attended Thanksgiving Service. Lord Haldane stayed for lunch, and was just leaving when I arrived at 3 o'clock. He did not want to be accompanied by a naval expert, for, although he did not pretend to understand all the technical details, he said that he knew all that was necessary for the discussion. He stated that he would put all his cards on the table and speak quite frankly.

"Our friend spoke of our German politics in most disparaging terms, saying that they had been worth nothing since Bismarck's time. What Ballin had attained in his dealings with the shipping companies was far superior to all the achievements of Germany's diplomatists."

The positive information which this report contained was passed on to the Chancellor.

By way of explanation it may be added that the German Navy Bill, which later on, at the end of March, 1912, was laid before the Reichstag, provided for the formation of a third active squadron in order to adapt the increase in the number of the crews to the increase in the material. This third squadron necessitated the addition of three new battleships and of two small cruisers, and it was also intended to increase the number of submarines and to make provision for the construction of airships.

The discussions with Lord Haldane took place at the Royal Castle, Berlin, on February 9th, the Kaiser being in the chair. The Chancellor did not attend, he had a separate interview with Haldane. The outcome of the conference is described in a statement from an authoritative source, viz. in a note which the Kaiser dispatched to Ballin by special messenger immediately after the close of the conference. It reads as follows:

"THE CASTLE, BERLIN.

"DEAR BALLIN, "9.2.1912. 6 P.M.

"The conversation has taken place, and all the pros and many cons have been discussed. Our standpoint has been explained in great detail, and the Bill has been examined. At my suggestion, it was resolved to agree on the following basis (informal line of action):

"(1) Because of its scope and its importance, the Agreement must be concluded, and it must not be jeopardized by too many details.

"(2) Therefore, the Agreement is not to contain any reference to the size of the two fleets, to standards of ships, to constructions, etc.

"(3) The Agreement is to be purely political.

"(4) As soon as the Agreement has been published here, and as soon as the Bill has been laid before the Reichstag, I, in my character of commander-in-chief, instruct Tirpitz to make the following statement to the Committee: The third squadron will be asked for and voted, but the building of the three additional units required to complete it will not be started until 1913, and one ship each will be demanded in 1916 and 1919 respectively.

"Haldane agreed to this and expressed his satisfaction. I have made no end of concessions. But this must be the limit. He was very nice and very reasonable, and he perfectly understood my position as commander-in-chief, and that of Tirpitz, with regard to the Bill. I really think I have done all I could do.

"Please remember me to Cassel and inform him.

"Your sincere friend,

"(*Signed*) WILHELM I.R."

After Lord Haldane's departure from Berlin there was a gap of considerable length in the negotiations which had made such a promising start, and unfortunately during that time Mr. Churchill made a speech which not only the German papers but also the Liberal Press in Great Britain described as wanting in discretion. The passage which German opinion resented

most of all was the statement that, in contrast with Great Britain, for whom a big navy was an absolute necessity, to Germany such navy was merely a luxury.

For the rest, the following two letters from the Chancellor to Ballin may throw some light on the causes of the break in the negotiations:

"BERLIN.

"DEAR MR. BALLIN, "2.3.1912.

"Our supposition that it is the contents of the Bill which have brought about the change of feeling is confirmed by news from a private source. It is feared that the Bill as it stands will have such an adverse influence on public opinion that the latter will not accept a political agreement along with it. Nevertheless, the idea of an understanding has not been lost sight of, even though it may take six months or a year before it can be accomplished.

"In consequence of this information the draft reply to London requires to be reconsidered, and it has not been dispatched so far. I shall let you know as soon as it has left.

"Sincerely yours.

"(*Signed*) BETHMANN-HOLLWEG."

"BERLIN.

"DEAR MR. BALLIN, "8.3.1912.

"This is intended for your confidential information. Regarding the naval question Great Britain now, as always, lays great stress on the difficulty of reconciling public opinion to the inconsistency implied by a big increase in the Naval Estimates hand in hand with the conclusion of a political and colonial agreement. However, even if an agreement should not be reached, she hopes that the confidential relations and the frank exchange of opinions between both Governments which have resulted from Lord Haldane's mission may continue in future. The question of a colonial understanding is to be discussed in the near future.

"It is imperative that the negotiations should not break down. Success is possible in spite of the Navy Bill if the discussions are carried on dispassionately. As matters

stand, the provisions of the Bill must remain as they are. Great Britain has no right to interfere with our views on the number of the crews which we desire to place on board our existing units. As far as the building dates of the three battleships are concerned, I should have preferred—as you are aware—to leave our hands untied, but His Majesty's decision has definitely fixed 1913 and 1916 as the years for laying them down. This is a far-reaching concession to Great Britain.

"Discreet support from private quarters will be appreciated.

"Many thanks for your news. You know that and why I was prevented from writing these last few days.

"Sincerely yours,

"(*Signed*) BETHMANN-HOLLWEG."

In order to find out whether any foreign influence might have been at work in London, I was commissioned to meet Sir Ernest Cassel in the South of Europe early in March. Ballin supplied me with a letter containing a detailed account of the general situation. Owing to a delay in the proposed meeting, I took the precaution of burning the letter, as I had been instructed to do, and I informed Sir Ernest of its contents by word of mouth.

In this document Ballin gave a brief résumé of the situation as it appeared to him after his consultations with the various competent departments in Berlin, somewhat on the following lines:

(1) After Lord Haldane's return Sir Edward Grey officially told Count Metternich that he was highly pleased with the successful issue of Lord Haldane's mission, and gave him to understand that he thought it unlikely that any difficulties would arise.

(2) A few days later Mr. Asquith made a statement in the House of Commons which amply confirmed the views held by Sir Edward Grey, and which produced a most favourable impression in Berlin.

(3) This induced the Chancellor to make an equally amicable and hopeful statement to the Reichstag.

(4) In spite of this, however, there arose an interval of several weeks, during which neither Count Metternich nor anybody in Berlin received any news from the proper department in London. This silence naturally caused some uneasiness.

(5) Count Metternich was asked to call at the Foreign Office, where Sir Edward Grey commenced to raise objections mainly in reference to the Navy Bill. "I must add in this connexion—as, no doubt, Lord Haldane has also told you verbally—that on the last day of his stay in Berlin an understanding was arrived at between the competent quarters on our side and Lord Haldane with regard to the building dates of the three battleships. As you will remember, it had been agreed not to discuss the proposed establishment of the third squadron on an active footing and the increase in the number of the crews connected with it, but to look upon these subjects as lying outside the negotiations." Quite suddenly and quite unexpectedly we are now faced with a great change in the situation. Grey, as I have said before, objects—in terms of the greatest politeness, of course—to the increase in the number of the crews, asks questions as to our intentions with regard to torpedo boats and submarines, and—this is most significant—emphasizes that the Haldane mission has at any rate been of great use, even if the negotiations should not lead to any definite result.

(6) The next event was a further interview with Count Metternich during which it was stated that, according to the calculations of the First Lord of the Admiralty, the increase in the number of the crews amounted to 15,000 men, whilst it had been thought in England that it would be a question of from 4,000 to 5,000 men at the outset. It appeared that this large increase was

looked upon with misgivings, and that it was desired to enter into fresh negotiations which would greatly interfere with the arrangements made by the German competent quarters with regard to the navy. Hence Metternich replied that, in his opinion, these explanations could only mean that the Cabinet did not agree to the arrangements made by Lord Haldane. Grey's answer was full of polite assurances couched in the language of diplomacy, but, translated into plain German, what he meant was: "You are quite right."

Ballin's letter went on to say that the German Navy Bill had gradually been reduced to a minimum, and that it was not possible to cut it down any further. We could not, and we would not, give rise to the suspicion that great alterations had been made merely to meet British objections. Finally, Ballin requested his friend to go to London in order to make inquiries on the spot, and also declared his readiness to go there himself.

My report on my conversations with Sir Ernest Cassel, which took place at Marseilles on March 9th and 10th, is as follows:

"Our friend arrived about four hours late, but he received me all the same at 10 P.M. on that evening. I told him all about my journey and related to him verbally the contents of Ballin's letter. When I described the incident of how Grey had raised new objections at his interview with Metternich, and when I explained how, after that, the matter had come to a dead stop, so that nothing further was heard of it in Germany, our friend interrupted me by saying that since then the British Government had presented a memorandum containing the objections raised against the German Navy Bill. The latter, he suggested, was the only stumbling-block, as could be inferred from a letter which he had received *en route* from Haldane.

"When I remarked that Ballin, in a postscript to his letter, had expressed an apprehension lest some foreign influence had interfered with the course of events, our friend

positively denied this. France, he said, was on good terms with Great Britain, and had no reason for intriguing against an Anglo-German agreement destined, as it was, to promote the cause of peace.

"When I then proceeded with my account, drawing his special attention to the reduction of the estimates contained in the Navy Bill, Sir Ernest interposed that he was not sufficiently *au courant* as to the details. He himself, in his statement prepared for the British Government, had only referred to the battleships, and he thought he had perhaps given too cursory an account of the other factors of the case. He also threw out some fairly plain hints that Haldane had gone too far in Berlin, and that he had made statements on a subject with which he was not sufficiently conversant. Later on, he continued, the Navy Bill had been subjected to a careful examination by the British Admiralty, and before his departure from Cannes he, Sir Ernest, had received a letter from Mr. Churchill, the tone of which was very angry. Churchill complained that Germany had presented such a long list of the wishes with which she wanted Great Britain to comply, that the least one could hope for was an accommodating spirit in the question of the Navy. Everything now depended on Churchill; if he could be satisfied, all the rest would be plain sailing. He and Lloyd George were the greatest friends of the agreement. Sir Ernest also made it fairly clear that Great Britain would be content with a postponement of the building dates, or in other words with a 'retardation of the building programme.' The negotiations would be bound to fail, unless Ballin could secure such a postponement. It was necessary to strike whilst the iron was hot, and this particular iron had already become rather cool. He quite accepted Grey's statement that the Haldane mission had not been in vain, as the feeling had doubtless become more friendly since then. Some few individual indiscretions, such as Churchill's reference to the German Navy as an article of luxury, should not be taken too seriously. If the German Bill were passed into law in its present shape, the British Government would be obliged to introduce one asking for three times as much, but it could not possibly do this and declare at the same time that it had

reached an understanding with Germany. Such a proceeding would be absurd. The argument that it is inconsistent with common sense to conclude an agreement and yet to continue one's armaments, is evidently still maintained in Great Britain, and is one which, of course, it is impossible to refute.

" In the course of our conversation Sir Ernest produced the letter which he had received from Haldane *en route*. This letter stated that the discussions with Metternich were then chiefly on the subject of the Navy Bill, and that the Admiralty had prepared a memorandum for the German Government dealing with these questions. The letter was dated February 25th, and its tone was not pessimistic; Churchill, however, as stated above, had previously written him a ' very angry ' letter. In this connexion it must not be forgotten that the man on whom everything depends is not the amiable negotiator Haldane, but Churchill."

In order to make further inquiries about the state of things and to assist in promoting the good cause, Ballin, immediately after my return, proceeded to Paris and then to London. He reported to the Chancellor upon the impressions he had received in Paris. The following is an extract from his report :

" Owing to the brief time at my disposal when I was in Paris, I could only learn the views of the members of the ' *haute finance.*' It is well known that in France the attitude taken up by financial circles is always regarded as authoritative. They look upon the present situation as decidedly pacific; they are pleased that the Morocco affair is settled, and they feel quite sure that the political sky is unclouded by complications. They would gladly welcome an agreement between Germany and Great Britain. My friends assure me that the Government also does not view the idea of such an understanding with displeasure ; on the contrary, it looks upon it as an advantage. It is, however, thought unlikely that an agreement will be reached, because it is believed that popular feeling in Germany is too much opposed to it. If, notwith-

standing these pacific views held by influential and competent sections, the casual visitor to the French capital is impressed by a certain bellicose attitude of the nation as a whole, it is largely due to the propaganda carried on by the *Matin* with the purpose of obtaining voluntary subscriptions for the furtherance of aviation. The French are enthusiastic over this idea, and as it has a strong military bearing, the man in the street likes to connect the French aviation successes with a victorious war."

From London Ballin sent me some telegrams which I was instructed to pass on to the Chancellor. In these messages he stated that his conversations with the German Ambassador and with Haldane had convinced him that people in London believed that the increase in the number of the crews, if the proposed German Navy Bill became law, would be greater than the figures given by Berlin would make it appear. It would therefore be most desirable to arrange for a meeting of experts to clear up this discrepancy. Ballin's impression was that the British Cabinet, and also the King, were still favourably disposed to the whole plan, and that the Cabinet was unanimous in this view. A conversation with Churchill, which lasted several hours, confirmed these impressions. In London the increase in the number of the crews had previously been estimated at half of what it would really be, and alarm was felt about the large number of torpedo boats and submarines demanded; but since the German Government had explained that the figures arrived at in London—i.e. those stated in the memorandum which had been addressed to the German Government some time before—were not correct, Churchill had agreed that both sides should nominate experts who would check the figures and put them right. Churchill was anxious to see that the matter was brought to a successful issue, and he was still hoping that a neutrality agreement would induce the German

Government to make concessions in regard to the Navy Bill.

When Ballin had satisfied himself as to this state of things, he immediately returned to Berlin, as he did not consider it appropriate that any private person should do anything further for the time being, and as he thought that the conduct of the discussions concerning the neutrality agreement were best left to the Ambassador.

Meanwhile, however, the German Government had definitely made up its mind that the Navy Bill would have to remain as it stood. This was the information Ballin received from the Kaiser and the Chancellor when he returned from London on March 16th.

Sir Ernest Cassel then suggested to the British Government that the negotiations concerning the neutrality agreement should be re-opened as soon as the first excitement caused by the Navy Bill had subsided, which would probably be the case within a few months, and that the interval should be utilized for clearing up the details. In Berlin, however, the discussions were looked upon as having been broken off, as may be seen from the following telegram which the Kaiser sent to Ballin on March 19th in reply to Ballin's information about his last exchange of telegrams with London :

" Many thanks for letter. The latest proposals arriving here immediately after you had left raised impossible demands and were so offensive in form that they were promptly rejected. Further harm was done by Churchill's arrogant speech which a large section of the British press justly described as a provocation of Germany. The ' agreement ' has thus been broken by Great Britain, and we have done with it. The negotiations must be started afresh on quite a different basis. What apology has there been offered to us for the passage in the speech describing our fleet as an article of luxury?

" (*Signed*) WILHELM I.R."

That the negotiations had actually been broken off was confirmed to Ballin by a letter of the Chancellor of the same date:

"DEAR MR. BALLIN,

"My cordial thanks for your letter of the 18th. What your friend told Metternich is identical with what he wired you. Churchill's speech did not come up to my expectations. He really seems to be a firebrand past praying for. The Army and Navy Bills will probably not go up to the Federal Council until the 21st, as the Army Bill requires some amendments at the eleventh hour. Their contents will be published simultaneously.

"My opinion is that our labours will now have to be stopped altogether for some time. The problem before us suffers from the defect that, because of its inherent difficulties, it admits of no solution. I shall always remain sincerely grateful to you for your loyal assistance. When you come to Berlin next time, please don't forget to call at the Wilhelmstrasse. "With kindest regards,

"Sincerely yours,

"(*Signed*) BETHMANN-HOLLWEG."

The conviction of the inherent impossibility of solving the problem was shared by many people in Germany —chiefly, of course, by those connected with the Navy; and some critics went so far as to say that Great Britain had never honestly meant to arrive at an understanding, or at any rate that Haldane—whose honesty and sincerity were beyond doubt—was disowned by his fellow-members in the Cabinet.

When Ballin, in compliance with the wishes of the Foreign Office, went to London during the critical period before the outbreak of the war in 1914, he wrote a letter from there to a naval officer of high rank with whom he had been on terms of friendship for years. This document is of interest now because it shows what

Ballin's own standpoint was with regard to the views described in the previous paragraph:

"People over here," he wrote, "do not believe that negotiations with Great Britain on the subject of a naval agreement could possibly be crowned with success, and you yourself contend that it would have been better if such negotiations had never been started. Your standpoint is that the failure of any efforts in that direction would merely tend to aggravate the existing situation, a point of view with which I entirely concur.

"On the other hand, however, you cannot deny the soundness of the argument that, if the responsible leaders of British naval policy keep expressing their desire to enter into a discussion, the refusal of Germany to do so must cause the British to believe that we are pursuing aims far exceeding those we have openly avowed. My somewhat fatigued brain is unable to see whether the German contention is right or wrong. But naturally, I always look upon things from the business man's point of view, and so I always think it better to come to some kind of an agreement with a competitor rather than allow him an unlimited measure of expansion. Once, however, I have come to the conclusion that for financial or other reasons this competitor can no longer keep pace with me, his further existence ceases altogether to interest me.

"Thus the views of the expert on these matters and those of the business man run counter to each other, and I am entitled to dismiss this subject without entering upon a discussion of the interesting and remarkable arguments which Winston Churchill put before me last night. I cannot, however, refrain from contradicting by a few brief words the contention that the motives which had prompted the Haldane mission were not sincere. A conversation with Sir Edward Grey the night before last has strengthened this conviction of mine still further. I regard Sir Edward as a serious, honest, and clever statesman, and I am sure you will agree with my view that the Haldane mission has cleared the atmosphere surrounding Anglo-German relations which had become very strained."

It may be supposed that history, in the meantime, has proved whose standpoint was the correct one: that of the business man or that of the naval expert.

Not much need be said about the subsequent development of events up to the outbreak of the war.

The above-mentioned opinion which the Chancellor held regarding Churchill's speech of March 18th, 1912, was probably arrived at on the strength of the cabled reports only. Whoever reads the full original text of the speech must fail to find anything aggressive in it, and there was no harm in admitting that it was a perfectly frank and honest statement concerning the naval rivalry of the two Powers. Among other things it contained the suggestion that a "naval holiday" should be agreed upon, i.e. both countries should abstain from building new ships for a definite period. We, at any rate, looked upon Churchill's speech as a suitable means of making people see what would be the ultimate consequences of the interminable naval armaments. I made a German translation of it which, with the aid of one of the committees for an Anglo-German understanding, I spread broadcast all over the country. However, it proved a complete failure, as there were powerful groups in both countries who contended that the efforts to reconcile the two standpoints could not lead to any positive result, and that the old injunction, *si vis pacem, para bellum*, indicated the only right solution. Only a master mind could have overcome these difficulties. But Herr v. Bethmann, as we know, considered that the problem, for inherent reasons, did not admit of any solution at all, and the Kaiser's initial enthusiasm had probably been damped by subsequent influences of a different kind. Ballin himself, in later years, ascribed the failure of the mission to the circumstance that the Kaiser and his Chancellor, between themselves only, had attempted to bring the whole matter to a successful

issue instead of entrusting this task to the Secretary of Foreign Affairs and to Admiral Tirpitz, the Secretary for the Navy.

An interesting sidelight on the causes which led to the failure of this last important attempt to reach an understanding is thrown by the rumours which were spread in the German Press in March, 1912, to the effect that the Secretary of State for Foreign Affairs, Herr v. Kiderlen, wished to resign, because he felt that he had been left too much in the dark with regard to the Anglo-German negotiations. It was also reported that the Chancellor's position had been shaken, and that Admiral Tirpitz felt dissatisfied, because the Navy Bill did not go far enough. Probably there was some vestige of truth in all these rumours, and this may have been connected with the attitude which the three gentlemen concerned had taken up towards the question of the negotiations with Great Britain.

Shortly after the visit of Lord Haldane Ballin received a letter from a personage belonging to the Kaiser's entourage in which it was said:

"The impression which has taken root with me during the many hours which I spent as an attentive listener is that your broad-minded scheme is being wrecked by our official circles, partly through their clumsiness, and partly through their bureaucratic conceit, and—which is worse—that we have failed to show ourselves worthy of the great opportunity."

When it had become certain that the last attempt to reach an understanding had definitely and finally failed, the ambassador in London, Count Metternich, did not shrink from drawing the only possible conclusion from it. He had always expressed his conviction that a war between Germany and a Franco-Russian coalition would find Great Britain on the side of Germany's opponents, and his resignation—which, as usual,

was explained by the state of his health—was really due to a report of his in which he stated it as his opinion that a continuation of German armaments would lead to war with Great Britain no later than 1915. It is alleged that the Kaiser added a very "ungracious" marginal note to this report. Consequently, the ambassador, who was a man of very independent character, did the only thing he could consistently do, and resigned his office. In taking this step he may have been influenced by the reception which the failure of the Haldane mission met with in Conservative circles in Great Britain, where no stone was left unturned to urge the necessity for continuing the policy of big armaments and to paint German untrustworthiness in the most glaring colours.

Count Metternich's successor was Herr v. Marschall, a gentleman whose appointment the Press and the official circles welcomed with great cordiality, and from whose considerable diplomatic abilities, which were acknowledged on all sides, an improvement of Anglo-German relations was confidently expected. It was said that the Kaiser had sent "his best man," thus demonstrating how greatly he also desired better relations. But Herr v. Marschall's activities came to a sudden end through his early death in September, 1912, and in October his place was taken by Prince Lichnowsky, whose efforts in the direction of an improvement in the relations are familiar to everyone who has read his pamphlet. Apart from the work performed by the ambassadors, great credit is also due to the activities displayed by Herr v. Kühlmann, the then Secretary to the Legation and subsequent Secretary of State. The public did not see a deal of his work, which was conducted with skill and was consistent. His close personal acquaintance with some of the leading British politicians, especially with Sir Edward Grey, enabled him to do much work for the maintenance of good relations and in the

interest of European peace, particularly during the time when the post of ambassador was vacant, and also during the Balkan War. He had, moreover, a great deal to do with the drafting of the two colonial agreements dealing with the Bagdad Railway and the African problems respectively, both of which were ready for signature in the summer of 1914. The former especially may be looked upon as a proof not only that a considerable improvement had taken place in Anglo-German relations, but also that Great Britain was not inclined to adjust the guiding lines of her policy in Asia Minor exclusively in conformity with the wishes of Russia. Anybody who takes an interest in the then existing possibilities of German expansion with the consent of Great Britain and on the basis of these colonial draft agreements cannot do better than read the anonymous pamphlet entitled "*Deutsche Weltpolitik und kein Krieg*" ("German World Power and No War"), published in 1913 by Messrs. Puttkamer & Mühlbrecht, of Berlin. The author is Dr. Plehn, the then representative of the *Cologne Gazette* in London, and it partly reflects the views of Herr v. Kühlmann.

In this connexion I should like to refer briefly to an episode which took place towards the close of 1912. The German periodicals have already discussed it, especially the *Süddeutsche Monatshafte* in June, 1921, in a review of the reports which Count Lerchenfeld, the Bavarian minister to the Court of Berlin, had made for the information of his Government. In these reports he mentions an event to which the Kaiser had already referred in a letter to Ballin dated December 15th, 1912. The Kaiser, in commenting on the state of tension then existing between Austria and Serbia, made some significant remarks concerning the policy of Germany towards Austria-Hungary. When the relations between Vienna and Petrograd, he wrote, had

assumed a dangerous character, because it was recognized that the attitude of Serbia was based on her hope of Russian support, Germany might be faced with the possibility of having to come to the assistance of Austria.

"The Slav subjects of Austria," the letter continued, "had become very restless, and could only be brought to reason by the resolute action of the whole Dual Monarchy against Serbia. Austria had arrived at the cross roads, and her whole future development hung in the balance. Either the German element would retain its ascendancy, in which case she would remain a suitable ally, or the Slav element would gain the upper hand, and she would cease to be an ally altogether. If we were compelled to take up arms, we should do so to assist Austria not only against Russian aggression, but also against the Slavs in general, and in her efforts to remain German. That would mean that we should have to face a racial struggle of the Germanic element against Slav insolence. It is beyond our power to prevent this struggle, because the future of the Habsburg monarchy and that of our own country are both at stake. (This was the real meaning of Bethmann's very plain speaking.) It is therefore a question on which depends the very existence of the Germanic race on the continent of Europe.

"It was of great importance to us that Great Britain had so far supported the Austro-German standpoint in these matters. Now, since a war against Russia would automatically imply a war with France as well, it was of interest to us to know whether, in this purely continental case, Great Britain could and would declare her neutrality in conformity with her proposals of last February.

"On December 6th, Haldane, obviously sent by Grey, called on Lichnowsky and explained to the dumbfounded ambassador in plain words that, assuming Germany getting involved in war against Russia and France, Great Britain would *not* remain neutral, but would at once come to the assistance of France. The reason given for this attitude was that Britain could not and would not tolerate at any time that we should acquire a position of continental predominance

which might easily lead to the formation of a united continent. Great Britain could therefore never allow France to be crushed by us. You can imagine the effect of this piece of news on the whole of the Wilhelmstrasse. I cannot say that I was taken by surprise, because I, as you know, have always looked upon Great Britain as an enemy in a military sense. Still, this news has decidedly cleared matters up, even if the result is merely of a negative character."

Ballin did not omit to ask his friend for some details concerning the visit of Lord Haldane mentioned in the Kaiser's letter, and was furnished with the following explanation by Lord Haldane himself.

Nothing had been further from his intentions, he said, than to call on Prince Lichnowsky for the express purpose of making any such declaration; and Balkan questions, to the best of his recollection, had not been touched at all. He had spent a very pleasant half-hour with the Prince, and in the course of their conversation he had seen fit to repeat the formula which had been discussed during his stay in Berlin, and which referred to Britain's interest in the preservation of the integrity of France. This, possibly, might have given rise to the misunderstanding.

Prince Lichnowsky himself, in his pamphlet entitled "My London Mission," relates the incident as follows:

"In my dispatches sent to Berlin I pointed out again and again that Great Britain, being a commercial country, would suffer enormously through any war between the European Powers, and would prevent it by every means within her power. At the same time, however, she could never tolerate the weakening or the crushing of France, because it would disturb the Balance of Power and replace it by the ascendancy of Germany. This view had been expressed to me by Lord Haldane shortly after my arrival, and everybody whose opinion counts for anything told me the same thing."

The failure of the negotiations aiming at an understanding led to a continuance of the increase in the British armaments, a concentration of the British battle fleet in the North Sea, and to that of the French fleet in the Mediterranean. The latter arrangement was looked upon in Germany as a menace directed against Italy, and produced a sharp semi-official criticism in the *Frankfurter Zeitung*. In spite of all this, however, friendly messages from London concerning the possibilities of an understanding, the "naval holiday," etc., reached Germany from time to time.

How closely Ballin clung to his favourite idea that the naval experts of both countries should come to an understanding is demonstrated by the circumstance that in 1914, when the British squadron was present during the Kiel yachting week, he tried to bring about a meeting and a personal exchange of views between Churchill and Tirpitz.

Churchill was by no means disinclined to come to Germany for this purpose, but unfortunately the desire was expressed by the German side, and especially by the Kaiser, that the British Government should make an official inquiry whether his visit would be welcomed. The Government, however, was not disposed to do so, and the whole thing fell through, although Churchill sent word that, if Tirpitz really wanted to see him, he would find means to bring about such a meeting.

Thus the last attempt at an understanding had resulted in failure, and before any further efforts in the same direction could be made, Europe had been overtaken by its fate.

CHAPTER IX

The Kaiser

The origin of the friendship between Ballin and the Kaiser, which has given rise to so much comment and to so many rumours, was traced back by the Kaiser himself to the year 1891, when he inspected the express steamer *Auguste Victoria*, and when he, accompanied by the Kaiserin, made a trip on board the newly-built express steamer *Fürst Bismarck*. Ballin, although he received the honour of a decoration and a few gracious words from His Majesty, did not think that this meeting had established any special contact between himself and his sovereign. He told me, indeed, that he dated their acquaintance from a memorable meeting which took place in Berlin in 1895, and which was concerned with the preparations for the festivities in celebration of the opening of the Kiel Canal.

The Kaiser wanted the event to be as magnificent as possible, and his wishes to this effect were fully met by the Hamburg civic authorities and by the shipping companies. Although Ballin had only been a short time in the position he then held, his versatile mind did not overlook the opportunity thus offered for advertising his company. The Kaiser was keenly interested in every detail. After some preliminary discussions with the Hamburg Senate, all the interested parties were invited to send their delegates to Berlin, where a general meeting was to be held in the Royal Castle with the Kaiser in the chair. It was arranged that the North German Lloyd and the Hamburg-Amerika Linie should provide

one steamer each, which was to convey the representatives of the Government departments and of the Reichstag, as well as the remaining guests, except those who were to be accommodated on board the *Hohenzollern*, and that both steamers should follow in the wake of the latter all the way down the Elbe from Hamburg to the Canal. When this item was discussed the Kaiser said he had arranged that the *Hohenzollern* should be followed first by the Lloyd steamer and then by the Hamburg-Amerika liner. Thereupon Ballin asked leave to speak. He explained that, since the journey was to start in Hamburg territorial waters, it would perhaps be proper to extend to the Hamburg company the honour of the position immediately after the Imperial yacht. The Kaiser, in a tone which sounded by no means gracious, declared that he did not think this was necessary, and that he had already given a definite promise to the Lloyd people. Ballin replied that, if the Kaiser had pledged his word, the matter, of course, was settled, and that he would withdraw his suggestion, although he considered himself justified in making it.

At the close of the meeting Count Waldersee, who had been one of those present, took Ballin's arm and said to him: "As you are now sure to be hanged from the Brandenburger Tor, let us go to Hiller's before it comes off, to have some lunch together." Ballin never ceased to be grateful to the Count for this sign of kindness, and his friendship with him and his family lasted until his death. The arrangements made by the Hamburg-Amerika Linie for the reception of its guests were carefully prepared and carried out. It is not easy to give an idea to a non-expert of the great many minute details which have to be attended to in order to accommodate a large number of exacting visitors on a steamer in such a manner that nobody finds anything to complain of, especially if, as is but natural on an occasion such

as this, an endless variety of questions as to precedence and etiquette have to be taken into account. Great pains and much circumspection are necessary to arrange to everybody's satisfaction all matters affecting the reception of the guests, the provision of food and drinks, the conveyance of luggage, etc. Thanks to the infinite care, however, with which Ballin and his fellow-workers attended to this matter, everything turned out eminently satisfactory. In the evening, when the guests of the Hamburg-Amerika Linie were returning to their steamer at the close of the festivities, the company agreeably surprised them by providing an artistically arranged collation of cold meats, etc., and the news of this spread so quickly that from the other vessels people who felt that the official catering had not taken sufficient account of their appetites, lost no time in availing themselves of this opportunity of a meal.

This event, at any rate, helped to establish the reputation of the company's hospitality.

It may be presumed that this incident had shown the Kaiser—who, although he did not object to being contradicted in private, could not bear it in public—that the Hamburg Company was animated by a spirit of independence which did not subordinate itself to other influences without a protest, and which jealously guarded its position. It must be stated that the Kaiser never bore Ballin any ill will on account of his opposition, which may be partly due to the great pains the Packetfahrt took in order to make the festivities a success. The event may also have induced the Kaiser to watch the progress of the Hamburg-Amerika Linie after that with particular attention. His special interest was centred round the provision for new construction, and in this matter he exerted his influence from an early time in favour of the German yards.

The first occasion of the Kaiser's pleading in favour

of German yards dates from the time previous to his accession to the throne. Ballin, in a speech which he delivered when the trial trip of the s.s. *Meteor* took place, stated the facts connected with this intervention as follows: The directors had just started negotiations with British shipbuilding firms for the building of their first express steamer when the Prussian Minister to the Free City of Hamburg called to inform them, at the request of Prince Bismarck, that the latter, acting upon the urgent representations of Prince Wilhelm, suggested that they should entrust the building of the big vessel to a German yard. The Prince was profoundly convinced that Germany, for the sake of her own future, must cease to play the part of Cinderella among the nations, and that there was no want of engineers among his countrymen who, if given a chance, would prove just as efficient as their fellow-craftsmen in England. The Packetfahrt thereupon entrusted the building of the vessel to the Stettin Vulkan yard. She was the fast steamer *Auguste Victoria*, and was christened after the young Empress. Launched in 1888, she immediately won "the blue riband of the Atlantic" on her first trip.

Another and still more practical suggestion of the Kaiser was put forward at the time when the company were about to build an excursion steamer. The satisfactory results which their fast steamers had yielded during the dead season in the transatlantic passage business when used for pleasure cruises had induced them to take this step, and when the Kaiser's attention was drawn to this project, he, on the strength of the experience he had made with his *Hohenzollern*, designed a sketch and composed a memorandum dealing with the equipment of such a steamer. It was Ballin's opinion that this Imperial memorandum contained some suggestions worth studying, although it was but

natural that the monarch could not be expected to be sufficiently acquainted with all the practical considerations which the company had to bear in mind in order to make the innovation pay, and that, therefore, some of his recommendations could not be carried out.

If we remember what vivid pleasure the Kaiser derived from his own holiday cruises, it cannot surprise us to see that he took such a keen interest in the company's excursion trips. How keen it was may be inferred from an incident which happened early in his reign, and to which Ballin, when describing his first experiences on this subject, referred in his above-mentioned speech on the occasion of the trial trip of the *Meteor*. Ballin said: "Even among my most intimate associates people were not wanting who thought that I was not quite right in my mind when, at the head of 241 intrepid travellers, I set out on the first pleasure cruise to the Far East in January, 1891. The Kaiser had just inspected the vessel, and then bade farewell to the company and myself by saying: 'That's right. Make our countrymen feel at home on the open sea, and both your company and the whole nation will reap the benefit.'"

In after years the Kaiser's interest in the company chiefly centred round those landmarks in its progress which marked the country's expansion in the direction of *Weltpolitik*, e.g. its participation in the Imperial Mail Service to the Far East, its taking up a share in the African trade, etc. In fact, after 1901, when the Kaiser had keenly interested himself in the establishment of the Morgan Trust and its connexion with German shipping companies, there was scarcely an important event in the history of the company (such as the extension of its services, the addition of a big new steamer, etc.) which he allowed to pass without a few cordial words of congratulation. He also took the liveliest interest

in the personal well-being of Ballin. He always sent him the compliments of the season at Christmas or for the New Year, generally in the shape of picture post-cards or photographs from his travels, together with a few gracious words, and he never failed to remember the anniversaries of important events in Ballin's life or to inquire after him on recovering from an illness. Ballin, in his turn, acquainted the Kaiser with anything which he believed might be of interest to His Majesty, or might improve his knowledge of the economic conditions existing in his own as well as in foreign countries. He kept him informed about all the more important pool negotiations, e.g. those in connexion with the establishment, in 1908, of the general pool, and those referring to the agreements concluded with other German shipping companies, etc. Whenever he noticed on his travels any signs of important developments, chiefly those of a political kind, he furnished his Imperial friend with reports on the foreign situation.

In 1904 the Kaiser's interest in Ballin took a particularly practical form. Ballin had suffered a great deal from neuralgic pains which, in spite of the treatment of various physicians, did not really and permanently diminish until the patient was taken in hand by Professor Schweninger, the famous medical adviser of no less a man than Bismarck. Ballin himself testified to the unvaried attention and kindness of Dr. Schweninger, and to the great success of his treatment. It is to be assumed that Schweninger, because of his energetic manner of dealing with his patients, was eminently suited to Ballin's disposition, which was not an easy one for his doctor and for those round him to cope with.

"As early as January, 1904," Ballin remarks in his notes, "the Kaiser had sent a telegram inviting me to attend the *Ordensfest* celebrations in Berlin, and during the subsequent levee he favoured me with a lengthy conversation, chiefly

because he wanted to tell me how greatly he was alarmed at the state of my health. His physician, Professor Leuthold, had evidently given him an unfavourable account of it. The Kaiser explained that he could no longer allow me to go on without proper assistance or without a substitute who would do my work when I was away for any length of time. This state of things caused him a great deal of anxiety, and, as it was a matter of national interest, he was bound to occupy himself with this problem. He did not wish to expose himself to a repetition of the danger—which he had experienced in the Krupp case—that a large concern like ours should at any moment be without a qualified steersman at the helm. He said he knew that of all the gentlemen in his entourage Herr v. Grumme was the one I liked best, and that I had an excellent opinion of him. He also considered Grumme the best man he had ever had round him, and it would be difficult to replace him. Nevertheless he would be glad to induce Grumme to join the services of the Hamburg-Amerika Linie, if I thought that this would solve the difficulty he had just referred to, and that such a solution would fall in with my own wishes. He was convinced that I should soon be restored to my normal health if I were relieved of some part of my work, and that this would enable me to do much useful service to the nation and himself; so he would be pleased to make the sacrifice. I sincerely thanked His Majesty, and assured him that I could not think of any solution that I should like better than the one he had proposed, and that, if he were really prepared to do so much for me, I would beg him to discuss the matter with Grumme. That very evening he sent for Grumme, who immediately expressed his readiness to enter the services of our company if such was His Majesty's pleasure."

The lively interest which the Kaiser took in the development of our mercantile marine was naturally closely connected with the growth of the Imperial Navy and with our naval policy in general. The country's maritime interests and the merchant fleet were the real motives that prompted his own naval policy, whereas Tirpitz chiefly looked upon them as a valuable asset

for propaganda purposes. During the first stage of the naval policy and of the naval propaganda—which at that time were conducted on quite moderate lines—Ballin, as he repeatedly told me, played a very active part. It was the time when the well-known periodical *Nautikus*, afterwards issued at regular annual intervals, was first published by the Ministry for the Navy, and when a very active propaganda in favour of the navy and of the country's maritime interests was started. Experience has proved how difficult it is to start such a propaganda, especially through the medium of a Press so loosely organized as was the German Press in those days. But it is still more difficult to stop, or even to lessen, such propaganda once it has been started, because the preliminary condition for any active propaganda work is that a large number of individual persons and organizations should be interested in it. It is next to impossible to induce these people to discontinue their activities when it is no longer thought desirable to keep up the propaganda after its original aim has been achieved. Germany's maritime interests remained a favourite subject of Press discussions, and the animation with which these were carried on reached a climax whenever a supplementary Navy Bill was introduced. Even when it was intended to widen the Kiel Canal, as it proved too narrow for the vessels of the "Dreadnought" type, the necessity for doing so was explained by reference to the constantly increasing size of the new steamers built for the mercantile marine; although, seeing that the shallow waters of the Baltic and of the channels leading into it made it quite impossible to use them for this purpose, nobody ever proposed to send those big ships through the canal. In later years Ballin often spoke with great bitterness of those journalists who would never leave off writing about "the daring of our merchant fleet" in terms of

unmeasured eulogy, and whom he described as the greatest enemies of the Hamburg-Amerika Linie.

But it was not only the propaganda work for the Imperial Navy to which the Kaiser contributed by his own personal efforts : the range of his maritime interests was much wider. He gave his assistance when the problems connected with the troop transports to the Far East and to South West Africa were under discussion ; he studied with keen attention the progress of the German mercantile marine, the vessels of which he frequently met on his travels ; he often went on board the German tourist steamers, those in Norwegian waters for instance, when he would unfailingly make some complimentary remarks on the management, and he became the lavish patron of the sporting events known as Kiel Week, the scope of which was extending from year to year. The Kiel Week, originally started by the yachting clubs of Hamburg for the encouragement of their sport, gradually developed into a social event of the first order, and since 1902 it became customary for the Hamburg-Amerika Linie to dispatch one of their big steamers to Kiel, where it served as a hotel ship for a large number of the visitors. From 1897 Kiel Week was preceded by a visit of the Kaiser—and frequently of the Kaiserin as well—to Hamburg, where their Majesties attended the summer races and the yachting regatta on the lower Elbe. In 1897 the Kaiser had the intention of being present at a banquet which the Norddeutsche Regatta-Verein was giving on board the Packetfahrt liner *Columbia*, and he was only prevented from doing so at the last moment. In the following year the Hamburg-Amerika Linie sent their s.s. *Pretoria* to Kiel. On this vessel the well-known " Regatta dinner " took place which the Kaiser attended, and which, on future occasions, he continued to honour with his presence. Ballin received a special invitation to

visit the Kaiser on board his yacht *Hohenzollern*. He could not, however, avail himself of it, because the message only reached him on his way home to Hamburg. The year after, the Kaiser commanded Ballin to sit next to him at the table, and engaged him in a long conversation on the subject of the load-line which he wanted to see adopted by German shipping firms for their vessels. The Packetfahrt carried this suggestion into practice shortly afterwards, and in course of time the other companies followed suit.

On the occasion of these festivities the Kaiser in 1904 paid a visit to the new premises of the Hamburg-Amerika Linie. In 1905 and in subsequent years he also visited Ballin's private home and took lunch with him. The speeches which he made at the regatta dinners given in connexion with the regatta on the lower Elbe frequently contained some political references. In 1908, for instance, he said:

"Although we do not possess such a navy as we ought to have, we have gained a place in the sun. It will now be my duty to see to it that we shall keep this place in the sun against all comers . . . I, as the supreme head of the Empire, can only rejoice whenever I see a Hanseatic citizen—let him be a native of Hamburg, or Bremen, or Lübeck—striking out into the world with his eyes wide open, and trying to find a spot where he can hammer a nail into the wall from which to hang the tools needed to carry on his trade."

In 1912 he quoted the motto from the Lübeck Ratskeller:

"It is easy to hoist the flag, but it costs a great deal to haul it down with honour."

And in 1914, after the launch of the big steamer *Bismarck*, he quoted Bismarck's saying, slightly altered:

"We Germans fear God, but nothing and nobody besides."

Kiel Week never passed without a great deal of political discussion. The close personal contact on such occasions between Ballin and the Kaiser furnished the former with many an opportunity for expressing his views on politics. Much has been said about William II's "irresponsible advisers," who are alleged to have endeavoured to influence him in the interests of certain cliques, and it cannot, of course, be denied that the men who formed the personal entourage of the monarch were very far from representing every shade of public opinion, even if that had been possible. The traditions of the Prussian Court and of princely education may have contributed their share to this state of things. The result, at any rate, was that in times of crises—as, for instance, during the war—it was impossible to break through the phalanx of men who guarded the Kaiser and to withdraw him from their influence. Events have shown how strong this influence must have been, and how little it was suited to induce the Kaiser to apply any self-criticism to his preconceived ideas. Added to this, there was the difficulty of obtaining a private conversation with the Kaiser for any length of time—a difficulty which was but rarely overcome even by persons possessing very high credentials. It has already been mentioned that the Kaiser did not like to be contradicted in the presence of others, because he considered it derogatory to his sovereign position. Ballin repeatedly succeeded in engaging the Kaiser in private conversations of some length, especially after his journeys abroad, when the Kaiser invited him to lunch with him, and afterwards to accompany him on a walk unattended.

Ballin's notes more than once refer to such conversations with the Kaiser, e.g. on June 3rd, 1901, when he had been a member of the Imperial luncheon party:

"After lunch the Kaiser asked me to report on my trip to the Far East, and he, in his turn, told me some exceedingly interesting pieces of news relating to his stay in England, and to political affairs connected with it."

The following passage, referring to the Kiel Week, is taken from the notes of the same year:

"I received many marks of the Kaiser's attention, who, on July 27th, summoned me to Kiel once more, as he wished to discuss with the Chancellor and me the question of the Japanese bank."

During his trip to the Far East Ballin had taken a great deal of trouble to bring about the establishment of a German-Japanese bank.

The following extracts are taken from the notes of subsequent years:

"On December 10th (1903) I received a wire asking me to see the Kaiser at the *Neues Palais*. To my infinite joy the Kaiser had quite recovered the use of his voice. He looked well and fit, and during a stroll through the park I had a long chat with him concerning my trip to America and other matters. In February the Kaiser intends to undertake a Mediterranean cruise on board the *Hohenzollern* for the benefit of his health. He will probably proceed to Genoa on board one of the Imperial mail packets, which is to be chartered for him."

(April 1904). "The Kaiser had expressed a wish to see me in Italy. On my arrival at Naples I found a telegram waiting for me in which I was asked to proceed to Messina if necessary. Owing, however, to the state of our negotiations with the Russian Government, I did not think it desirable to meet the Kaiser just then, and thus I had no opportunity of seeing him until May 3rd when I was in Berlin to attend a meeting of the *Disconto-Gesellschaft*, and to confer with Stübel on the question of some further troop transports to South West Africa. I received an invitation to join the Imperial luncheon party at which the birthday of the Crown Prince was to be celebrated in advance, since his Majesty would

not be in town on May 6th. The Kaiser's health had much improved through his cruise; he had lost some of his stoutness, and the Kaiserin, too, was greatly pleased to see him looking so well. We naturally discussed the topics of the day, and the Kaiser, as always, was full of kindness and goodwill towards me."

"On June 21st, 1904, the usual Imperial Regatta took place at Cuxhaven, and the usual dinner on board the *Blücher*. These events were followed by Kiel Week, which lasted from June 22nd to 28th. We stayed on board the *Victoria Luise*, and I was thus brought into especially close contact with the Kaiser. I accompanied him to Eckernförde on board the *Meteor*, and we discussed the political situation, particularly in its bearing on the Morocco question and on the attitude of Great Britain."

"On June 19th, 1904, the Kaiser, the Kaiserin, and some of their sons were staying in Hamburg. I dined with them at Tschirschky's (the Prussian Minister in Hamburg), and we drove to the races. On June 20th we proceeded to Cuxhaven, where, on board the *Deutschland*, I heard the news—which the Kaiser had just communicated to Kaempff (the captain of the *Deutschland*)—that the North German Lloyd steamer *Kaiser Wilhelm II*, in consequence of her being equipped with larger propellers, had won the speed record. Late at night the Kaiser asked me to see him on board the *Hohenzollern*, where he engaged me in a long discussion on the most varied subjects. On June 21st the regatta took place at Cuxhaven. The Kaiser and Prince Heinrich were amongst the guests who were entertained at dinner on board the *Deutschland*. The Kaiser was in the best of health and spirits. Owing to the circumstance that Burgomaster Burchard—who generally engages the Kaiser in after-dinner conversation—was prevented by his illness from being present, I was enabled to introduce a number of Hamburg gentlemen to His Majesty. As the Kaiser had summoned me to dine with him on board the *Hohenzollern* on the 22nd, I could not return to Hamburg, but had to travel through the Kiel Canal that same night on board a tug steamer. On the 22nd I stayed at the club house of the Imperial Yachting Club, whilst at my

own house a dinner party was given for 36 persons. On the 23rd I changed my quarters to the *Prinzessin Victoria Luise*, and the other visitors arrived there about noon. A special feature of Kiel Week of 1904 was the visit of King Edward to the Kaiser whom he met at Kiel. For the accommodation of the ministers of state and of the other visitors whom the Kaiser had invited in connexion with the presence of the King, we had placed our s.s. *Prinz Joachim* at his disposal, in addition to the *Prinzessin Victoria Luise*. We also supplied, for the first time, a hotel ship, the *Graf Waldersee*, all the cabins of which were engaged. On June 27th my wife and I, and a number of other visitors from the *Prinzessin Victoria Luise*, were invited to take afternoon tea with the Kaiser and Kaiserin on board the *Hohenzollern*, and I had a lengthy conversation with King Edward."

Whenever the Kaiser granted Ballin an interview without the presence of witnesses he cast aside all dignity, and discussed matters with him as friend to friend. Neither did he object to his friend's counsel and admonitions, and he was not offended if Ballin, on such occasions, subjected his actions or his opinions to severe criticism.

On such occasions the Kaiser, as Ballin repeatedly pointed out, " took it all in without interrupting, looking at me from the depth of his kind and honest eyes." That he did not bear Ballin any malice for his frankness is shown by the fact that he took a lively and cordial interest in all the events touching the private life of Ballin and his family, his daughter's engagement, for instance—an interest which still continued after Ballin's death.

In spite of this close friendship between Ballin and the Kaiser, it would be quite wrong to assume that Ballin exercised anything resembling a permanent influence on His Majesty. Their meetings took place only very occasionally, and were often separated by intervals

extending over several months, and it happened only in rare cases that Ballin availed himself of the privilege of writing to the Kaiser in person. It is true that the latter was always pleased to listen to Ballin's explanations of his views, and it is possible that every now and then he did allow himself to be guided by them; but it is quite certain that he never allowed these views to exercise any actual influence on the country's politics. The events narrated in the chapter of this book dealing with politics show that in a concrete case, at any rate, Ballin's recommendations and the weight of his arguments were not sufficient to cope successfully with the influence of others who were the permanent advisers of the sovereign, and who had at all times access to His Majesty.

If thus the effect of Ballin's friendship with the Kaiser has frequently been greatly overrated in regard to politics, the same holds good—and, indeed, to a still greater extent—in regard to the advantages which the Hamburg-Amerika Linie is supposed to have derived from it. One of Ballin's associates on the Board of the company was quite right when he said: "Ballin's friendship with the Kaiser has done more harm than good to the Hamburg-Amerika Linie." Indirectly, of course, it raised the prestige of the company both at home and abroad. But there is no doubt that it had also an adverse effect upon it: at any rate, outside of Germany. It gave rise to all sorts of rumours, e.g. that the company obtained great advantages from the Government; that the latter subsidized it to a considerable extent; that the Kaiser was one of the principal shareholders, etc. It is also quite certain that these beliefs were largely instrumental in making the Hamburg-Amerika Linie, as Ballin put it, one of the war aims of Great Britain, and it is even alleged that, at the close of the war, the British Government approached some of the country's

leading shipping firms with the suggestion that they should buy up the Hamburg-Amerika Linie or the North German Lloyd. This was at the time when it became desirable to secure the necessary organization for the intended commercial conquest of the Continent. It is quite possible—and, I am inclined to think, quite probable—that this suggestion was put forward because such a step would be in harmony with that frame of mind from which originated such stipulations of the Versailles treaty as deal with shipping matters, and with the assumption that German shipping—which was supposed to depend for its continuance mainly on the existence of the German monarchial system—would practically come to an end with the disappearance of the latter. It would, indeed, be difficult to name any historical document which pays less regard to the vital necessities of a nation and which actually ignores them more completely than does the treaty signed at Versailles.

The allegation that Ballin should ever have attempted to make use of his friendship with the Kaiser for his own or for his company's benefit is, moreover, diametrically opposed to the established fact that he knew the precise limits of his influence, and that he never endeavoured to overreach himself. His "policy of compromise" was the practical outcome of this trait of his character.

The opinion which my close observation of Ballin's work during the last ten years of his life enabled me to form was, as far as its political side is concerned, confirmed to me in every detail by no less a person than Prince Bülow, who, without doubt, is the most competent judge of German affairs in the first decade of the twentieth century. When I asked the Prince whether Ballin could be accused of ever having abused the friendship between himself and the Kaiser for any ulterior

ends whatever, he replied with a decided negative Ballin, he said, had never dreamt of doing such a thing. He had always exercised the greatest tact in his relations with the Kaiser, and had never made use of them to gain any private advantage. Besides, his views had nearly always coincided with those held by the responsible leaders of the country's political destinies. Once only a conflict of opinion had arisen between Ballin and himself on a political question, and this was at the time when the customs tariffs were under discussion. Ballin held that these were detrimental to the country's best interests, and it is a well-known fact that, at that time, there was a widespread feeling as to the impossibility of concluding any commercial treaties so long as those tariffs were in operation.

During the most critical period of the existence of the monarchy—i.e. during the war—Ballin's influence on the Kaiser was but slight. Only on a very few occasions was he able to meet the Kaiser, and he never had an opportunity of talking to him privately, as in former times. It was the constant aim of the Kaiser's entourage to maintain their controlling influence over the Kaiser unimpaired. Even when they last met—in September, 1918—and when Ballin, at the instance of the Supreme Army Command, was asked to explain to the Kaiser the situation as it actually was, he was not permitted to see the Kaiser without the presence of a witness, so that his influence could not assert itself. The fact that the Kaiser was debarred from knowing the truth was the cause of his and of his country's ruin. "The Kaiser is only allowed to know the bright side of things," Ballin used to say, "and therefore he does not see matters as they really stand."

This is all the more regrettable because, as Ballin thought, the Kaiser was not wanting in either the capacity or the independence of mind which would have enabled

him to pursue a policy better than the one in which he actually acquiesced. More than once, Ballin said, the Kaiser's judgment on a political issue was absolutely sound, but he did not wish to act contrary to the recommendations of his responsible advisers. When, for instance, it was decided that the gunboat *Panther* should be dispatched to Agadir, a decision which was arrived at during Kiel Week of 1911, the Kaiser exclaimed, with much show of feeling, that a step of such far-reaching importance could not be taken on the spur of the moment and without consulting the nation, and he only gave his consent with great reluctance. Moreover, Ballin stated, he was by no means in sympathy with Tirpitz, and the latter was not a man after his own heart, but he was content to let him have his way, because he believed that the naval policy of Tirpitz was right, so that he was not entitled to jeopardize the interests of his country by dismissing him. The Kaiser was not moved by an ambitious desire to build up a powerful navy destined to risk all in a decisive struggle against Great Britain, and the numerous passages in his public speeches which foreign observers interpreted as implying such a desire, must be regarded as the explosive outbursts of a strong character which was sometimes directed into wrong channels by a certain sense of its own superiority, and which, in seeking to express itself, would occasionally outrun discretion. His inconsistency which made him an easy prey to the influence of his entourage, caused him to be looked upon by foreign critics as vacillating and unstable, and this impression —as was discovered when too late—discredited his country immensely in the eyes of Great Britain, who, after all, had to be reckoned with as the decisive factor in all questions relative to world policy. Such a character could be guided in the right direction only if the right influence could be brought permanently to bear on it.

But who was to exercise such influence on the Kaiser? Certainly his entourage did not include anyone qualified to do so, because it was not representative of all sections of the nation; neither was any of the successive Chancellors able to undertake such a task, since none of them succeeded in solving the questions of internal policy in a manner approved by a reliable and solid majority in the Reichstag. The Kaiserin also was not free from prejudice as to the war and the causes of its outbreak. Ballin relates how, on one of the few occasions when he was privileged to see the Kaiser during the war, Her Majesty, with clenched fists, exclaimed: "Peace with England? Never!" The Imperial family considered themselves betrayed by England and the English court. Why this should be so is perhaps still more difficult to say now than Ballin could understand in those days. Arguments, however, were useless in such a case, and could produce nothing but harm. The Kaiser did not bear Ballin any malice because of the frankness with which he explained his views that day; on the contrary, members of the Kaiser's entourage have confirmed that, after Ballin had left that evening, he even tried to make the Kaiserin see his (Ballin's) point of view. Putting himself into Ballin's position, he said, he could perfectly understand how he felt about it all; but he himself could not help thinking that his English relatives had played him false, so that he was forced to continue the struggle with England tooth and nail.

When Ballin, during the summer of 1918, gave me a character sketch of the Kaiser, of which the account I have endeavoured to present in the preceding paragraphs is an outline, he added: "But what is the good of it? He is, after all, the managing director, and if things turn out wrong he is held responsible exactly as if he were the director of a joint-stock company."

This comparison of the German Empire and its

ruler with a joint-stock company and its board of directors used to form a frequent subject of argument in our inner circle, and even before the war these discussions regularly led to the conclusion that, what with the policy carried on by the Government and that carried on by the parties in the Reichstag, the Hamburg-Amerika Linie would have gone bankrupt long ago if its affairs had been conducted on such lines as those of the German Empire. It was a never-ending cause of surprise to us to learn how completely the European situation was misjudged in the highest quarters, when, for instance, the following incident, which was reported to Ballin during the war, became known to us. One day, when the conversation at lunch in the Imperial headquarters turned to the subject of England, the Kaiser remarked: "I only wish someone had told me beforehand that England would take up arms against us," to which one of those present replied in a quiet whisper: "Metternich." It would have been just as proper, Ballin added, to have mentioned my own name, because I also warned the Kaiser over and over again. On another page in this book reference is made to the well-known fact that the reason why Count Metternich, the German ambassador at the Court of St. James, had to relinquish his post was that he, in one of his reports, predicted that Germany would be involved in war with Great Britain no later than 1915 unless she reduced the pace of her naval armaments. This was one of those numerous predictions to which, like so many others, especially during the war, no one wanted to listen. Even in the late summer of 1918, when Ballin saw the Kaiser for the last time, such warnings met with a deaf ear. This meeting, to which Ballin consented with reluctance, was the outcome of a friendship which, politically speaking, was devoid of practical results. A detailed account follows.

CHAPTER X

The War

About the middle of the month of July, 1914, Ballin, when staying at Kissingen for the benefit of his health, received a letter from the Foreign Secretary, Herr v. Jagow, which made him put an immediate end to his holiday and proceed to Berlin. The letter was dated July 15th, and its principal contents were as follows:

The *Berliner Tageblatt*, it said, had published some information concerning certain Anglo-Russian agreements on naval questions. The Foreign Office did not attach much value to it, because it was at variance with the general assumption that Germany's relations with Great Britain had undergone a change for the better, and also with the apparent reluctance of British statesmen to tie their country to any such agreements. The matter, however, had been followed up all the same, and through very confidential channels it had been ascertained that the rumours in question were by no means devoid of an actual background of fact. Grey, too, had not denied them point blank at his interview with Lichnowsky. It was quite true that Anglo-Russian negotiations were proceeding on the subject of a naval agreement, and that the Russian Government was anxious to secure as much mutual co-operation between the two countries as possible. A definite understanding had not, so far, been reached, notwithstanding the pressure exercised by Russia. Grey's attitude had become somewhat uncertain; but it was thought that he

would ultimately give his consent, and that he would quieten his own conscience by arguing that the negotiations had not really been conducted between the Cabinets, but between the respective naval authorities. It was also quite likely that the British, who were adepts at the art of making nice distinctions, would be negotiating with the mental reservation that they would refrain from taking an active part when the critical moment arrived, if it suited them not to do so; and a *casus fœderis* would presumably not be provided for in the agreement. At any rate, the effect of the latter would be enormously to strengthen the aggressive tendencies of Russia. If the agreement became perfect, it would be useless for Germany to think any longer of coming to a *rapprochement* with Great Britain, and therefore it would be a matter of great importance to make a last effort towards counteracting the Russian designs. His (v. Jagow's) idea was that Ballin, who had intimate relations with numerous Englishmen in leading positions, should send a note of warning across the North Sea. This suggestion was followed up by several hints as to the most suitable form of wording such a note, and the letter concluded with the statement that the matter was one of great urgency. A postscript dated July 16th added that a further article had been published by the *Berliner Tageblatt*, according to which the informants of the author also took a serious view of the situation.

Ballin, in response to the request contained in the letter, did not content himself with sending a written note to his London friends, but he immediately went to Berlin for the purpose of gaining additional information on the spot, with special reference to the general political outlook. He learned that Austria intended to present a strongly worded note to Serbia, and that it was expected that in reply a counter-note dictated by Russia would be received. He was also told that the

Government not only wanted some information regarding the matter which formed the special subject of Herr v. Jagow's letter, but also regarding the general political situation in London, as it was doubted whether the reports received from the ambassador were sufficiently trustworthy and complete. This was all that Ballin was told. Since then many facts have become known which throw a light on the way in which political questions were dealt with by the Berlin authorities during the critical period preceding the war, and if we, knowing what we know now, read the letter of Herr v. Jagow, we ask ourselves in amazement what was the object of the proposed action in London? Could it be that it was intended to intimidate the British Government? This could hardly be thought possible, so that some other result must have been aimed at. We can only say that the whole affair is still surrounded by much mystery, and we can sympathize with Ballin's bitter complaints in later days that he thought people had not treated him with as much openness as they should have done, and that they had abused his intimate relations with leading British personages.

Ballin then left Berlin for Hamburg. He gave me his impressions of the state of political affairs—which he did not regard as critical—and went to London, ostensibly on business. In London he met Grey, Haldane, and Churchill, and there also he did not look upon the situation as critical—at least, not at first. When, however, the text of the Austrian note became known on Thursday, July 23rd, and when its full significance had gradually been realized, the political atmosphere became clouded: people asked what was Austria's real object, and began to fear lest the peace might be disturbed. Nevertheless, Ballin returned from London on July 27th with the impression that a fairly capable German diplomat might even then succeed in bringing

about an understanding with Great Britain and France which, by preventing Russia from striking, would result in preserving the peace. Great Britain and the leading British politicians, he said, were absolutely in favour of peace, and the French Government was so much against war that its representatives in London seemed to him to be rather nervous on the subject. They would, he thought, do anything in their power to prevent war. If, however, France was attacked without any provocation on her part, Great Britain would be compelled to come to her assistance. Britain would never allow that we, as was provided for in the old plan of campaign, should march through Belgium. It was quite true that the Austrian note had caused grave anxiety in London, but how earnestly the Cabinet was trying to preserve peace might be gauged by the fact that Churchill, when he took leave of Ballin, implored him, almost with tears in his eyes, not to go to war. These impressions of Ballin are confirmed by the reports of Prince Lichnowsky and other members of the German Embassy in their observations during the critical days.

Apart from these politicians and diplomatists on active service there were other persons of political training, though no longer in office, who did not think at that time that there was an immediate danger of war. In this connexion I should like to add a report of a very remarkable conversation with Count Witte, which took place at Bad Salzschlirf on July 24th. The Count—whose untimely death was greatly regretted—was without any doubt one of the most capable statesmen of his time—perhaps the only one with a touch of genius Europe possessed—and he certainly knew more about the complicated state of things in Russia than any living person. For these reasons his views on the events which form the first stage of the fateful conflict are of special interest. I shall reproduce the report of this

conversation exactly as we received it at the time, and as we passed it on to Berlin. The authenticity of the statements of Count Witte as given here is beyond question.

" Yesterday (on July 24th) I paid a visit to Count Witte who was staying at Bad Salzschlirf, and in the course of the day I had several conversations with him, the first of which took place as early as ten o'clock in the morning. After a few words of welcome, and after discussing some matters of general and personal interest, I said to the Count: ' I should like to thank you for your welcome letter and for your telegram. The question which you raise in them of a meeting between our two emperors appears of such fundamental importance to me that I may perhaps hope to be favoured with some details by you personally.'

" Witte replied: ' In the first instance I wish to reaffirm what I have repeatedly told you, both verbally and by letter, viz. that I am not in the least anxious to be nominated Russian delegate for the proposed negotiations concerning a commercial treaty between Germany and Russia. Whoever may be appointed from the Russian side will gain no laurels. I think a meeting between the Kaiser and the Tsar some time within the next few weeks would be of very great importance. Have you read the French papers ? The tone now assumed by Jules Hedeman is a direct challenge. I know Hedeman, and I also know that he only writes what will please Sasonov, Poincaré and Paléologue (the French ambassador in Petrograd). Now that the Peterhof meeting has taken place the language employed by all the French and Russian papers will become more arrogant than ever. It is quite certain that the Russian diplomatists and their French colleagues will now assume a different tone in their intercourse with the German diplomatists. The *rapprochement* with Great Britain is making considerable progress, and whether a naval convention exists or not, Great Britain will now side with Russia and France. If even now a meeting could be arranged between the two Emperors, this would be of immense significance. The mischief-makers both in Russia and in France would

be made to look small, and public opinion would calm down again."

"I asked Witte: 'Do you think, Sergei Yulyevitch, that the Tsar would avail himself of a possible opportunity of meeting the Kaiser?'

"Witte replied: 'I am firmly convinced of it; I may, indeed, state without hesitation that the Tsar would be delighted to do so. The personal relations between the Tsar and the Kaiser are not of an ordinary kind. They converse with each other in terms of intimate friendship, and each time the Tsar has had a chat with the Kaiser he has been in better spirits. Believe me, if this meeting comes off, the impression which the French visit has left on the Tsar will be entirely wiped out. The effect of the showy reception of the French visitors which the press agitators have not failed to use for their own ends will be obliterated. Such a meeting will express in unambiguous terms that, whatever value the Tsar attaches to the Franco-Russian alliance, he insists on the maintenance of amicable relations with Germany. The meeting will have to be arranged without loss of time, in about four or six weeks, because in two months from now the Tsar will be leaving for Livadia. The army manœuvres will be held within the next few weeks, and the Tsar will then go to the Finnish skerries where, in my opinion, the meeting might take place without difficulty.'

"I asked Witte: 'Do you not think that, if the meeting were officially proposed by Germany, it might be looked upon as a sign of weakness on her side, especially in view of the now existing tension between the two countries?'

"Witte replied: 'By no means. One has always to take into account the fact that the relations between the Tsar and the Kaiser, as I explained before, are in the highest degree friendly and intimate. I do not know how the Kaiser would feel on the subject, but I am convinced that he is possessed of the necessary political sagacity to find the way that will lead to a meeting. He might, e.g., write to the Tsar quite openly that, as the relations between their two countries had lately been somewhat under a cloud in consequence of the inefficient diplomacy of their respective representatives, he would be particularly happy to meet him at this juncture.

Or the suggestion might reach the Tsar *via* the Grand Duke of Hesse and his sister, the Tsarina. But this is immaterial, because the Kaiser is sure to find the right way. I can only repeat that the effect of the meeting would be enormous. The Russian press and Russian society would change their whole attitude, and the agitation in the French press would receive a severe setback.'

" I said to Witte: 'I shall communicate the gist of our conversation to Mr. Ballin. As it is quite possible that he will be ready to endorse this suggestion, I should like to know your answer to one more question, viz., whether, if Mr. Ballin were to submit the proposal to the proper quarters, you would allow him to refer to you as the originator of the suggestion.'

" Witte replied: 'Certainly. He may say that I look upon this meeting as an event of the utmost importance to both countries at the present moment.'

" I said: 'Seeing that you will be leaving Germany within five days from now, would you be prepared to go to Berlin if the Kaiser would receive you unofficially?'

" Witte replied: 'Certainly. At any moment.'

" When we went for a walk in the afternoon, Witte made reference, amongst other things, to various political questions. I shall confine myself to quoting only a few of his remarks.

" 'Practically speaking,' he said, 'I think that there will be no war, although theoretically the air is thick with difficulties which only a war can clear away. But nowadays there is nobody who, like William the First, would put his foot down and say: "Now I will not yield another inch!" The spot at Ems where this happened is now adorned with a monument. Within a few years when the armaments which for the present are on paper only, shall be completed, Russia will really be strong. But even then, one has still to reckon with the possibility of internal complications. France, however, need not fear any such difficulties, because countries possessing a constitution acknowledged by all their inhabitants are not liable to revolutionary movements, no matter how often their governments change.'

" In speaking of Hartwig, Witte remarked: 'His death is the severest blow to Russian diplomacy. He was unquestionably the most gifted Russian diplomatist. When Count

Lammsdorff, who was a great friend of mine, was Minister for Foreign Affairs, he used to do nothing without first asking my advice. Hartwig, at that time, was the chief of his departmental staff, and he often came to see me. Even in those early days I had an opportunity of admiring his eminent diplomatic gifts.' "

The suggestion which formed the principal subject of the above conversations—viz. that a personal meeting of the two Emperors should be arranged in order to remove the existing tension—was not followed up, and the proposal would in any case have been doomed to failure, because the politicians who were responsible for the conduct of affairs at that time had done nothing to prevent the Kaiser from embarking on his customary cruise in Northern waters.

The latter end of July was full of excitement for the directors and the staff of the Hamburg-Amerika Linie. We endeavoured to acquaint the vessels that were under way with the critical situation, and we instructed each captain to make for a neutral port in case war should break out. The naval authorities warned us not to allow any ships to put to sea, and we were particularly asked not to permit the sailing of the s.s. *Imperator*, which was fixed for July 31st, because the attitude of Great Britain was uncertain. At a midnight meeting held at Ballin's private residence it was decided to postpone the departure of the vessel " on account of the uncertain political situation." Every berth on the steamer was booked, and hundreds of passengers were put to the greatest inconvenience. Most of them proceeded to a neutral or to a British port from which they subsequently embarked for the United States.

After this, events followed upon each other's heels in swift succession. When war broke out, most of the ships succeeded in reaching neutral ports, so that comparatively few of them were lost in the early part of

the war. By August 5th the cables had been cut. This circumstance made it very difficult to keep up communications with New York, and compelled the majority of our agencies and branches abroad to use their own discretion as to what to do. The place of regular business was taken by the work involved in carrying out the various agreements which the company had entered into during peace time, viz. those for the victualling and bunkering of various units of the Imperial Navy, for the supply of auxiliary vessels, and for the establishment of an organization which was to purchase the provisions needed by the navy.

In the meantime, the Ministry of the Interior had started to devise measures for provisioning the country as a whole, as far as that was still possible. It is well known that the responsible authorities had done far too little—indeed, hardly anything at all—to cope with this problem, because they had never taken a very serious view of the danger of war. Even the arrangements of the military authorities in connexion with the plans of mobilization were utterly deficient in this respect.

The first who seriously studied the question as to what would have to be done for the provisioning of the military and civil population if Germany had to fight against a coalition of enemies, and if the overseas supplies were stopped, was General Count Georg Waldersee, who became Quartermaster General in 1912. In a letter which he wrote to Ballin about that time, he gave a very clear description of the probable state of things in such an emergency. He pointed out that the amount of foodstuffs required during a war would probably be larger than the quantities needed in peace time—a contingency which had escaped attention in Germany altogether—and that above all there would be an enormous shortage of raw materials. Therefore, he said, if it was desired to guard the country against disagree-

able surprises, it was imperative to make certain preparations for an economic and a financial mobilization. The military authorities at least had studied this problem theoretically, but the civil authorities would not make any move at all. The general said he thought it desirable that this question should receive more attention in the future, and he asked Ballin to let him know his views on the matter, and to give him some practical advice. The anxiety felt in military quarters was largely augmented by the receipt of disquieting rumours about the increase of Russian armaments.

In reply we furnished Count Waldersee with a brief memorandum written by myself in which, amongst other items, I referred him to some suggestions put forward by Senator Possehl, of Lübeck, in the course of a lecture delivered about the same time before a selected audience. In view of the fact that Germany depended for her food supply and for her raw materials to an increasing extent on foreign sources, there could be no doubt as to the necessity for making economic preparations against the possibility of a war, if a war was considered at all probable.

Nevertheless, and in spite of the newly awakened interest on the part of the military authorities, these economic preparations had, before the war, made absolutely no progress worth mentioning. The only praetical step which, as far as my knowledge goes, had been taken by the civil authorities, was the conclusion of an agreement entered into with a Dutch firm dealing with the importation of cereals in case of war. When, in the fateful summer of 1914, this contingency arose, the firm in question had chartered some British steamers, which instead of carrying their cargoes to Rotterdam took them to British ports.

Thus, no serious efforts of any kind had been made to grapple with the problem. On Sunday, August 2nd,

Geheimrat Frisch, who afterwards became the director of the *Zentral-Einkaufs-Gesellschaft* (Central Purchasing Corporation), came to Hamburg, in order to inform Ballin, at the request of the Ministry for the Interior, that the latter felt very anxious in regard to the quantity of food actually to be found in Germany, which, it was feared, would be very small, and that it was expected that a great shortage would arise after a very brief period. He therefore asked him to use his best endeavours in order to secure supplies from abroad. A Hamburg firm was immediately requested to find out how much food was actually available in the country, and, although the figures obtained were not quite so bad as it was expected, steps were taken at once to remedy the deficiencies by importing food from neutral countries. A great obstacle to the rapid success of these efforts was the absolute want of any preparatory work. The very attempt to raise the necessary funds abounded with difficulties of every kind, because no money had been set aside for such expenditure in connexion with the scheme of mobilization, and the time taken by the attempts made in this direction, as well as the circumstance that communication with the United States could only be maintained *via* neutral countries, were the causes of a great deal of serious delay.

At Ballin's suggestion the *Reichseinkauf* (Government Purchasing Organization) was then formed. For this organization the Hamburg-Amerika Linie was to do all the purchasing, and it was arranged that it should put at the disposal of the new body all those members of its staff who were not called up, and who were considered suitable for the work. Buyers were sent to every neutral country; but the mobilization then in progress led to a complete stoppage of railway travelling for the civil population, thus causing no end of difficulties to these buyers, and making personal contact with the

Berlin authorities almost impossible. Added to all this, there was the inevitable confusion which the replacement of the civil administration by the army commands brought in its train. It had, in fact, been assumed that this war would resemble its predecessors in every respect, and no one was prepared for a world war. Hence, such important matters as the importation of foodstuffs from abroad and the work of supplying political information to neutral countries concerning the German standpoint were sadly neglected; everything had to be provided at a moment's notice, and had to be carried through in the face of a great deal of opposition. Funds and energy were largely wasted; the military, naval, and civil organizations were working against one another instead of co-operating; and it took a long time before a little order could be introduced into the chaos. It was also found that the German credits abroad were quite inadequate for such enormous requirements. An attempt to dispose of some treasury bills in New York was only moderately successful, and in consequence of this lack of available funds the supplies obtained from the United States were but small. Even the fact that the Hamburg-Amerika Linie immediately succeeded in establishing the necessary connexions with American shippers, and in securing a sufficient amount of neutral tonnage, did not improve matters in the least. To obtain the required funds in Berlin, as has been explained before, involved considerable loss of time; and as the months passed the British blockade became more and more effective. Thus, as the war continued, large quantities of food could only be procured from European countries.

Ballin took a large personal share in the actual business transacted by the *Reichseinkauf*. He did so, if for no other reason, because he needed some substitute for the work connected with the real shipping business

which was rapidly decreasing in extent. The only benefit his company derived from its new work was that it gave employment to part of the members of its staff, thus reducing in some measure the expenses. With the stoppage of the company's real business its principal source of income ran dry in no time, and the small profits made out of the supply of provisions to the navy was only a poor compensation.

The world's economic activities in those days presented a picture of utter confusion. All the stock exchanges were closed; all dealings in stocks and shares had ceased, so that no prices could be quoted; several countries had introduced a moratorium, and numerous banks had stopped payment. Germany had no longer any direct intercourse with the overseas countries; the British censorship was daily increasing its hold on the traffic proceeding *via* neutral ports. At first those foreign steamship companies which maintained passenger services to America did splendid business, because Europe was full of American tourists and business men who were anxious to secure a berth to get home, and numerous cabin passengers had to be content with steerage accommodation. When this rush was past, however, shipping business, like international commerce, entered upon its period of decline. The freight rates came down, the number of steamers laid up assumed large proportions, and the world's traffic, in fact, was paralysed.

After a comparatively brief period it was found too difficult to conduct the *Reichseinkauf* organization with its headquarters at Hamburg, because the intercourse with the Imperial Treasury at Berlin, which provided the funds, took up too much time, and also because it seemed highly advisable to purchase the foreign foodstuffs needed by the military as well as the civil population through one and the same organization. The state

of things in respect to these matters was simply indescribable; indeed, if it had been purposely intended to encourage the growth of war profiteering, it would have been impossible to find a better method of setting about it. Numerous buyers, responsible to different centres, not merely purchased without regard to each other, but even outbid each other, thus causing a rise in prices which the public had to pay. Conditions such as these were brought about by the utter unpreparedness of the competent civil authorities and by the fact that the military authorities could dispose of the vast amounts of money placed at their command at the outbreak of the war. These conditions were doubtless the soil from which sprang all the evils which later on developed into the pernicious system we connect with the name of *Kriegswirtschaft*, and for which it will be impossible to demand reparation owing to the lost war and to the outbreak of the revolution.

In order to facilitate the intercourse with the proper Government boards, and to centralize the purchasing business as much as possible, Ballin's suggestion that the seat of the organization should be removed to Berlin was adopted, and at the same time the whole matter was put on a sounder footing by its conversion into a limited company under the name of *Zentral-Einkaufs-Gesellschaft* (Central Purchasing Corporation). The history of the Z.E.G. is well known in the country, and its work has been subject to a great deal of criticism, largely due to the fact that all the annoyance caused by the many restrictions which the Government found it necessary to impose, and which had to be put up with during the war, was directed against this body. Generally speaking, this attitude of the population was very unfair, because the principal grievances concerned the distribution of the foodstuffs, and for this part the Z.E.G. was not responsible. Its only task was to obtain the neces-

sary supplies from abroad. If it is remembered that the transactions of the corporation reached enormous proportions, and that, after all, it was improvised at a time of war, we cannot be surprised to see that some mistakes and even some serious blunders did occur occasionally, and that the right people were not always found in the right places. Moreover, some of the really amazing feats accomplished by the Z.E.G—e.g. the supply of grain from Roumania, which necessitated enormous labour in connexion with the transhipment from rail to steamer and with the conveyance up the Danube—were only known to a few people. It is obvious that nothing could be published during the war about these achievements nor about the agreements concluded, after endless negotiations, with neutral countries and thus the management of the Z.E.G. was obliged to suffer in silence the criticisms and reproaches hurled at it without being able to defend itself.

The volume of the work done by the Z.E.G. may be inferred from the fact that the goods handled by the organization during the four years from 1915 to 1918 represented a value of 6,500 million marks, in which connexion it must not be forgotten that at that time the purchasing power of the mark was still nearly the same as before the war. When the Roumanian harvest was brought in the daily imports sometimes reached a total of 800 truck-loads. However, the greatest credit, in my opinion, is due to the Z.E.G. for putting a stop to the above-mentioned confusion in the methods of buying abroad and for establishing normal conditions. To-day it is scarcely possible to realize how difficult it was and how much time it required to overcome the opposition often met with at home.

Not much need be said here about the activities of the Hamburg-Amerika Linie during the war. The longer the struggle lasted, and the larger the number of coun-

tries involved in the war against Germany became, the heavier became the company's losses of tonnage and of other property. All the shore establishments, branch offices, pier accommodation, etc., situated in enemy countries, were confiscated, and the anxiety about the post-war reconstruction grew from month to month. Ballin never lost sight of this problem, and it is chiefly due to his efforts that the Government and the Reichstag passed a Bill (1917) providing the means for the rebuilding of the country's mercantile marine. Along with this he tried to keep the company financially independent by cutting down expenses, by finding work for the inland offices of the company, by selling tonnage, and by other means. The families and dependents of those employees who had been called to the colours were assisted as far as the funds at the company's disposal permitted. Of all these measures the company has already given the necessary information to the public, and I can confine myself to these brief statements. There is only one circumstance which requires special mention.

It is universally acknowledged that no German industry has suffered so greatly through the action of the German Government as the shipping business. When the discussions as to the rebuilding of the merchant fleet were being carried on, the Government frankly admitted this fact. I am not thinking, in this connexion, of those measures which were imposed upon the Government by the Versailles Treaty, such as the surrender of the German mercantile marine, but what I have in mind is the steps taken whilst the war was in actual progress. These have one thing in common with those imposed by the enemy: their originators have, more or less, arrived at the belated conviction that they have sacrificed much valuable property to no purpose. In Great Britain it is admitted quite openly that the confiscation of the

German merchant fleet has very largely contributed to the ensuing collapse of the world's shipping markets, and to the confusion which now prevails on every trade route. The war measures of the German Government —or, rather, of the German naval authorities—have sacrificed enormous values merely for the sake of a phantom, thus necessitating the compensation due to the shipowners—a compensation far from sufficient to make good even a moderate fraction of the loss. The vessels that can be built for the sums thrown out for this purpose will not be worth the twentieth part of the old ones, if quality is taken into account as well as quantity. This will become apparent when the compensation money has been spent, and when it will be possible to compare the fleet of German passenger boats then existing with what the country possessed previous to the war.

The phantom just referred to was the foolish belief that it would be possible to eliminate all ocean tonnage from the high seas—a belief which was in itself used to justify the submarine war, and which was responsible for the assumption that the withdrawal of German tonnage from the high seas would affect the food and raw material supply of the enemy countries. This mistaken idea was also the reason for prohibiting the sale of the German vessels in neutral ports, and for ordering the destruction of their engines when it became impossible to prevent their confiscation. The latter measure, and in particular the manner in which it was carried out, prove the utter inability of the competent authorities to grasp the very elements of the great problem they were tackling, and in view of such lack of knowledge it is easy to understand the bitterness of tone which characterizes Ballin's criticism of these measures as contained in his memorandum to the Minister of the Interior (1917). He wrote:

"When Your Excellency decided to permit the sale of our vessels in the United States it was too late to do so, because the U.S. Government had already seized them. Previous to that, when we saw that war would be inevitable, and when we had received an exceedingly favourable purchasing offer from an American group, we had asked permission to sell part of our tonnage laid up in that country.

"Your Excellency, acting on behalf of the Chancellor, declined to grant this permission. I am quite aware that neither the Chancellor nor Your Excellency as his representative were responsible for this refusal, but that it was due to a decision of the Admiralty Staff. However, the competent authority to which the protection and the furtherance of the country's shipping interests are entrusted is the Ministry of the Interior. With the Admiralty Staff itself, as I need not remind Your Excellency, we have no dealings whatever, and we are not even entitled to approach that body directly in such matters.

"Our company which was the biggest undertaking of its kind in the world, and which previous to the war possessed a fleet aggregating about 1,500,000 tons, has lost practically all its ships except a very few. The losses are not so much due to capture on the part of the enemy as to the measures taken by our own Government. If our Government had acted with the same foresight as did the Austro-Hungarian Government with respect to its ships in United States and Chinese waters, the German vessels then in Italy, Portugal, Greece, the United States, Brazil, and elsewhere, might have been either retained by us or disposed of at their full value.

"The Austrian ships, with their dismantled engines were, at the instance of the Austrian Government, sold in such good time that the shipping companies concerned are not only in a position to-day to refrain from asking their Government to pass a Shipowners' Compensation Bill, as we are bound to do, but they have even enriched the Austrian national wealth by such handsome additions that their capital strength has reached a sum never dreamt of before, and that they are now able to rebuild their fleet by drawing upon their own funds, and to make such further additions to their tonnage that in future we shall not only be compelled to compete with the

shipping companies of neutral and enemy countries—which have accumulated phenomenal profits—but with the Austrian mercantile marine as well.

"From the point of view of our country's economic interests it is greatly to be regretted that the policy of the Government has not changed in this respect even now. We have received reliable news from private sources to the effect that the engines of the German vessels now in Argentine waters have been destroyed without Your Excellency having so far informed us of this action, and without Your Excellency having asked us to take steps to utilize the vessels, if possible, for the benefit of the country's economic interests and for that of the completely decimated German merchant fleet.

"Moreover, a wire sent by His Excellency Herr v. Jonquières to the competent Hamburg and Bremen authorities states that the ships in Uruguayan waters are also in great jeopardy. The Government of that country, according to this report, would prefer to purchase them rather than confiscate them. After what has been done before, we fear that the Admiralty Staff will either not permit the sale at all, or only grant its permission when it is too late.

"Your Excellency, I am sure, is fully aware of the fact that the methods of the Admiralty Staff—ignoring, as it does, all other considerations except its own—have caused one country after the other to join the ranks of Germany's enemies. In view of the shortage of tonnage which Great Britain and other of our enemies systematically try to bring about—evidently with the intention of inconveniencing neutral countries as much as possible—these latter feel compelled, for the very reason of this lack of tonnage, to declare war upon us, because the politics of our country are guided by a body of men who, unfortunately, shut their eyes to the economic and political consequences of their decisions.

"Several months ago, at a time when nobody thought of unrestricted submarine warfare, an opportunity presented itself to us of concluding an agreement with the Belgian Relief Committee by which it would have been possible for us to withdraw our steamers, one after the other, from American ports and, under the flag of that committee, to bring them to Rotterdam. At that time, it was again the

Admiralty Staff which prevented the conclusion of this agreement, because, for reasons best known to itself, it would grant permission for only three of these vessels, although Great Britain had agreed that the whole of our fleet interned in U.S. ports, representing 250,000 tons in all, could sail under the terms of the proposed agreement, and although the Allies as a whole had signed a written declaration to the effect that they would not interfere with our ships so long as they were used for the provisioning of Belgium. I took the liberty of pointing out to Captain Grashoff, the representative of the Admiralty Staff, that nothing could have prevented us from letting the ships remain at Rotterdam after they had completed their mission, and that afterwards, as has been borne out by later facts, they could have been safely taken to Hamburg.

"I respectfully ask Your Excellency whether it is not possible to enter a protest against such unnecessary dismemberment of part of the German national assets . . .

". . . I must also protest most emphatically against the insinuation—which is sure to be made—that I have no right to criticize any steps which the Admiralty Staff has regarded as necessary for reasons of our naval strategy. Without reservation the German shipowners agree to any measures which are strategically necessary, however greatly they may injure their interests. The criticism which I beg to make on behalf of German shipping—although possessing no formal mandate—concerns itself with those steps which might have been taken without jeopardizing the success of our naval strategy if the vital necessities of German mercantile shipping had been studied with as much consideration as this branch of the economic activities of our country has a right to claim.

"What we principally take exception to in this connexion is that no information was sent to us before the decision to destroy the engines of our ships was arrived at, and that we were not assisted in making use of these dismantled vessels in the financial interests of our country. Nothing of this kind was done, although it was the most natural thing to do so, and although such action would have deprived many a country of a reason to declare war upon Germany."

To a man of the type of Ballin—who had, throughout his life, been accustomed to perform a huge amount of successful work—a period of enforced inactivity was unbearable. The longer it lasted the more he suffered from its effects, especially because the preparatory work for the post-war reconstruction, the work connected with the war organization of the German shipowners, etc., was only a poor substitute for the productive labour he had been engaged in during more than thirty years of peace. There is no doubt but that the Government could have made better use of Ballin's gift of organization, but it must be remembered that there was really no effective central Government in Germany throughout the war. The civil administration was not exactly deposed, but it was subordinated to the military one from the very beginning, and the latter carried on its work along the guiding lines laid down in the scheme of mobilization. The authorities to whose care the economic aspects of the war were entrusted did not often—if at all—avail themselves of Ballin's advice; and to offer it unbidden never entered his mind, because he was cherishing the hope that the war would not last long, and because it was his belief that the world would be sensible enough to put an end to the wholesale destruction before long. It was a bitter disappointment to him to find how greatly he was mistaken, and to see that the forces of unreason remained in the ascendancy, especially as he was always convinced that Time would be on the side of Germany's enemies. The sole aim of his political activities during the war was to bring about peace as early as possible.

Of all the attempts at mediation known to me, the one which seemed to be most likely to succeed passed through the hands of Ballin. To give a detailed account of it must be left to a time which need no longer pay regard to governments and individuals. Ballin's share

in it was brought about through his former international connexions. Through him it reached the Kaiser and the Chancellor, and owing to his untiring efforts, which lasted for two years, the position in the early part of 1917 was such that the establishment of direct contact between the two sides was imminent. Then the unrestricted submarine war began, the intended direct contact could not be established, and the carefully woven thread was definitely snapped asunder; because from that time on the Allies were certain that the United States would join them, and they felt assured of victory. No other mediation scheme with which I am acquainted has been pursued with so much unselfishness, devotion, and energy as this one. This attempt, however, no more than any other, could have procured for us that kind of peace which public opinion in Germany had been led for years to expect, thanks to the overestimation of the country's strength, fostered by the military censorship and by the military reports.

From such exaggerated opinions Ballin always held himself aloof. He recognized without reservation the immense achievements of Germany in the war, but he was fearful lest the strength of the country could not cope in the long run with the ever-increasing array of enemies, and he therefore maintained that, if it was desired to bring about peace, the Government would have to be moderate in its terms. A much discussed article which he contributed to the *Frankfürter Zeitung* on January 1st, 1915, under the heading of " The Wet Triangle," is not inconsistent with these views of his. In it he pointed out that Germany's naval power, in order to make a future blockade impossible, should no longer be content to be shut up in the " wet triangle," i.e. the North Sea, but ought to establish itself on the high seas. This statement has been alleged to refer to Belgium, and Ballin has been wrongly claimed a partisan

by those who supported the annexation of that country. What he really meant was that Germany should demand a naval base on the Atlantic, somewhere in the northern parts of Africa, and this idea seemed to be quite realizable if taken in conjunction with the terms of peace he had in view, viz. no annexations, no indemnities, economic advantages, a permanent political and naval understanding with Great Britain, based on her recognition that a military defeat of Germany was impossible. All this would be somewhat on the lines of the article published by the *Westminster Gazette*, referred to in the eighth chapter and a facsimile of which is given at the end of the book. Ballin was firmly convinced that, even if a mere peace of compromise was the outcome, i.e. one which left Germany without any territorial gains and without any indemnities, the impression which the German achievements during the war would produce on the rest of the world would be so overwhelming that the country would secure indirectly far greater advantages than could be gained by means of the largest possible indemnity and the most far-reaching annexations. Besides, the experiences of former times had proved that Germany would be quite unable to absorb such large accessions of territory as certain people had in mind. These views of Ballin, of course, were looked upon as those of a " pacificist," and Ballin was classified among their number.

In a letter which Ballin wrote to a friend of his, a naval officer, in April, 1915, he puts up a highly characteristic defence of himself against the accusations implied by describing him as " pacificist " and " pro-English."

" If," he wrote, " the fact that I have been privileged to spend a considerable part of my life in close contact with you, entitles me to add a few personal remarks, I should like to say that I have made up my mind to retire from my post after

the end of the war altogether. I told you shortly after the outbreak of the war that my life's work was wrecked. To-day I am convinced that it will soon come to life again, but my youth would have to be restored to me before I could ever dream of taking up again that position in international shipping which I held before the war. I cannot imagine that I would ever go to London again and take the chair at the conferences at which the great problems of international shipping would come up for discussion, and nobody, I think, can expect that I should be content to play second fiddle at my age. Indeed, I cannot see how I could ever re-enter upon intimate relations with the British, the French, the Italians, and especially with the Americans. Strangely enough, influential circles on our side, and even His Majesty himself, look upon me as 'pro-English,' and yet I am the only German who can say with truth that he has been fighting the English for supremacy in the shipping world during the last thirty years. During this long period I have, if I am allowed to make use of so bold a comparison, conquered one British trench after the other, and I have renewed my attacks whenever I could find the means for doing so."

It is no secret that during the war many prominent politicians and economists—men of sound political training—viewed the question of the war aims which it was desirable to realize very much in the same light as did Ballin, but that the censorship made it impossible for anyone to give public expression to such opinions. Ballin's appreciation of the probable gain which Germany would derive from a peace by compromise has now been amply confirmed by the undeniable fact that the rest of the world has been tremendously impressed by Germany's achievements, an impression which has made foreigners regard her chances of recovery with much more confidence than she has felt herself, stunned as she was by the immensity of her *débâcle*.

The following notes, which are largely based on Ballin's own diary, are intended to supplement the

information given so far as to his political activities during the war.

The outbreak of war, as may be inferred from what has already been related, took him completely by surprise, and he did not think that the struggle would last very long. "The necessities of the world's commerce will not stand a long war," was his opinion during the early days. For the rest, he tried to find work for himself which would benefit his country. "What we need to-day," he wrote to a friend, "is work. This will lift us up and keep us going, and will make those of us who are no longer fit to fight feel that we are still of some use after all." But in connexion with this thought another one began to occupy his mind. He anxiously asked: "Which of the men now at headquarters will have the strength and the wisdom required to negotiate a successful peace when the time comes?" All his thoughts centred round the one idea of how to secure peace; what advantages his country would derive from it; and how it would be possible to bring about an international grouping of the Powers which would be of the greatest benefit to Germany. On October 1st, 1914, he wrote to Grand Admiral v. Tirpitz:

". . . I quite agree with what you say in your welcome letter. Indeed, you could not view these matters[1] with graver anxiety than I do myself. I hope I shall soon have the opportunity I desire of discussing these things with you personally.

"To win the peace will be hardly less difficult than to win the war. My opinion is that the result of this world war, if it lasts 12 months, will be exactly the same as if it lasts six months. I mean to say that, if we do not succeed in acquiring the guarantees for our compensation demands within a few months, the further progress of events will not appreciably improve our chances in this direction.

[1] This refers to the political events in Berlin immediately prior to the outbreak of war.

" What we must aim at is a new grouping of the Powers round an alliance between Germany, Great Britain and France. This alliance will become possible as soon as we shall have vanquished France and Belgium, and as soon as you shall have made up your mind to bring about an understanding with Great Britain concerning the naval programme.

" I am aware that this idea will find but slight favour with you, but you will never secure a reasonable peace with Great Britain without a naval agreement.

" By a reasonable peace I mean one which will enable both Germany and Britain to sheathe their swords in honour, and which will not burden either nation with a hatred which would contain within it the germs of future war.

" We have had no difficulty in putting up with the French clamour for *revanche* for a period of 44 years, because in this case we had only to deal with a small group of nationalist firebrands, but a British clamour for revenge would produce an exceedingly adverse effect on the future of our national well-being and of our share in the world's trade and commerce.

" For a long time past it has been my conviction that the era of the super-Dreadnoughts has passed, and some time ago I asked Admiral von Müller if it was not possible to consider the question of a naval understanding simply on the basis of an agreement as to the sum of money which either Government should be entitled to spend annually on naval construction, leaving it to the discretion of each side how to make use of the money agreed upon for the building of the various types of ships.

" Great Britain is putting up a fight for her existence just as much as we do, if not to an even greater extent. Her continuance as a world power depends on the superiority—the numerical superiority at least—of her navy.

" I am convinced—always supposing that we shall succeed in conquering France and Belgium—that the British terms concerning her naval supremacy will be very moderate, and I cannot help thinking that a fair understanding regarding naval construction is just as important to Germany as it is to Great Britain.

" The present state of things is the outcome of a *circulus*

vitiosus, and is bound to produce a soreness which will never permit of a sound understanding. . . .

" . . . And what about the further course of the war? I sincerely hope that your Excellency will not risk the navy. The expression 'The Fleet in being' which has never left my memory, and which has lately been heard of again, implies exactly all I mean.

" The navy, in my opinion, has never been, and never ought to be, anything but the indispensable reserve of a healthy international policy. Just as a conscientious director-general would never dream of reducing the reserve funds of his company, unless compelled to do so by sheer necessity, we ought not to drag the navy into the war, if it could possibly be avoided.

" What would it profit you to risk a naval battle on the high seas? Not only our own, but British experts as well, believe that our ships, our officers, and our crews are superior to the British, and King Edward emphasized at every opportunity that the crews on British warships are not a match to those on German vessels. But what are you going to do? Are you going to make them fight against a numerically superior enemy? Such a course would be open to great objections, and even, if the battle turned out successfully, the victors would not escape serious damage.

" I do not know how your Excellency, and their Excellencies v. Müller and Pohl look upon these matters, but since you yourself have asked me to state my views, I hope you will not take it amiss if my zeal causes me to enlarge upon a subject which is not quite within my province. Besides, I have another reason for doing so.

" It is our duty to prepare ourselves in good time for the peace that is to come. Does your Excellency believe it would augur well for the future peace if Germany succeeded in inflicting a naval victory on the British? I do not think so myself, but I rather fancy that the opposite effect would take place. . . . If the British should suffer a big naval defeat, they would be forced to fight to the bitter end. That is inherent in the nature of things; even those who can only argue in terms of a Continental policy must understand it.

" Even a partial loss of her naval prestige would spell

ruin to Great Britain. It would imply the defection of the great dominions which now form part of her world empire. The *raison d'être* for Great Britain's present position ceases to exist as soon as she has lost her naval supremacy. . . .

". . . And, please, do not lose sight of one further consideration. We must find our compensation by annexing valuable territories beyond the seas; but for the peaceful enjoyment of such overseas gains we shall be dependent on the good will of Great Britain. . . . At present, men of German blood occupy leading positions in the economic life of almost every British colony, and the open door has been the means by which we have acquired a great deal of that national wealth of ours which caused the smooth working of our financial mobilization when the war broke out.

". . . For all these reasons I consider it a great mistake that the press should be allowed to excite German public opinion against Great Britain to the extent it is done. I was in Berlin during the week, and I was alarmed when I became acquainted with the wild schemes which are entertained not only by the people of Berlin, but also by distinguished men from the Rhineland and Westphalia."

Apart from the peace problem there was another matter which gave Ballin grave cause for anxiety. This was the circumstance that the Kaiser, because of his long absences from Berlin, lost the necessary touch with the people, and could not, therefore, be kept properly informed of popular feeling. He expressed his fears on this account in a letter to a friend of his amongst the Kaiser's entourage in which he wrote:

"I hope you will soon be able to induce His Majesty to remove his winter quarters to Germany. My common sense tells me that, if a war is waged on French and Russian soil, the headquarters ought to be situated in Germany. From the point of view of security also I consider this very desirable, and I feel a great deal of anxiety concerning His Majesty. . . . Whether it is wise to exercise the censorship of the press to the extent it is done, is a question

on which more opinions than one are possible. . . . I have just had a call from a Mr. X., a former officer, and an exceedingly reliable and capable man. He complained bitterly of the rigid censorship, and he thought it would be a mistake from which we should have to suffer in days to come. It would certainly be a blessing if such a man who is highly esteemed by the Foreign Office could be given a chance of explaining his views at headquarters."

Among the problems of foreign policy with which Germany saw herself faced in the early part of the war, those referring to Italy and Roumania were of special interest to Ballin. The question was how to prevent these two countries from joining the ranks of Germany's enemies. Ballin did all he could to bring about the Italian mission of Prince Bülow. He not only urged the Chancellor to select Bülow for this task, but he also tried hard to induce the Prince to undertake the thankless errand involved. In addition to the political importance of the mission, he laid great stress on its bearing on the food problem.

"The question of provisioning the German people," he wrote in a letter to the Army Headquarters, "is closely connected with the solution of the Italian and Roumanian difficulties. No pressure is, in my opinion, too strong in order to make it perfectly clear to Austria that some sort of an agreement with Italy is a *sine qua non* for the successful termination of this war. If it were argued that Italy would come forward with fresh demands as soon as her original claims had been satisfied, I think the German Government could combat this objection by insisting upon a written promise on the part of Italy to the effect that she would not extend her demands.

". . . . Political and military considerations make it plain beyond any question of doubt that Italy, who will be armed to the teeth in March, will not be able to lay down her arms again unless Austria arrives at an understanding

with her. Thus our greatest danger is the uncertainty as to what these neutrals will do, and I hope that the ministerial changes in Austria will smooth the way for a reasonable attitude towards this regrettable but unavoidable necessity. Our aim should be to prevent the scattering of our forces; for the burden imposed upon ourselves because of the inadequacy of our allies is almost superhuman, and contains the danger of exhaustion."

The German mission to Italy suffered through the vacillations of Austrian politics, and was therefore doomed to failure. Austrian feeling concerning a compromise with Italy was always dependent on the news from the Italian front; if this was favourable, people did not want to hear of it, and in the opposite case they would only discuss such an understanding most unwillingly. The proposed compromise was looked upon as a heavy sacrifice, and people were by no means favourably disposed towards German mediation. Prince Bülow was accused of having "presented Italy with the Trentino." Disquieting news which Ballin received from Vienna induced him to report to the Chancellor on the state of Austrian feeling, and to offer his services if he thought that his old-established relations with Vienna could be of any use. His offer was also prompted by his conviction that the German diplomatic representation in Vienna was not adapted to Austrian mentality.

Thereupon Ballin, early in March, 1915, entered upon a semi-official mission to Vienna. He first acquainted himself with the actual state of the Austrian mind by calling on his old friend, his Excellency v. Schulz, the Vice-President of the Austrian Chief Court of Audits, who was regarded as one of the best informed personages in the capital, and who was one of the regular partners of the old Emperor Francis Joseph for his daily game of tarock. This gentleman

told Ballin that the people of Austria felt a good deal of resentment towards Germany, who had stepped in far too early as the " advocate of Italy," at a time when Austria was still hoping to settle Serbia all by herself. This hope, indeed, had proved an illusion; but Germany's strategy had also turned out a failure, because she had misjudged the attitude of Great Britain, and had not finished with France as rapidly as she had expected to do. Now Austria, confronted by stern necessity, would have to make concessions to Italy which every true Austrian would view with bitter grief; and, to bring about the active assistance of Roumania, Count Tisza would consider a sacrifice in the Bukovina debatable, but never one in Transylvania. Ballin told his friend that, as far as Roumania was concerned, he would have to leave it to Austria to settle that question by herself; and that his mission with regard to Italy was so difficult that he preferred not to make it more so by trying to solve the Roumanian problem as well.

Ballin's subsequent interviews with the Prime Minister, Count Stürgkh, and with the Minister v. Koerber, as well as those with other influential personages, confirmed these impressions, and he left Vienna buoyed up by the hope that the conference between German, Austrian, and Italian delegates which it was proposed to hold at Vienna would lead to a successful result. Such, however, was not the case, and it is quite probable that the possibility of arriving at an understanding with Italy had passed by that time, or, assuming the most favourable circumstances, that only immediate and far-reaching Austrian concessions could have saved the situation; but these were not forthcoming.

The next subject which caused much anxiety to Ballin was the question as to what Roumania would do, a country to whose attitude, considering her im-

portance to Germany as a food-producing area, he attached even more value than to that of Italy. In his notes dating from that time he said:

". . . June 21st, 1915. The news which I received from X. regarding the political situation in Roumania and Bulgaria was so serious that I felt bound to send copies of these letters to the Chief of the General Staff, General v. Falkenhayn, and to inform him that, in my opinion, our Foreign Office had now done all it could possibly do, and that nothing but some forcible military pressure such as he and Baron Conrad could exercise on Count Tisza would induce this obstinate gentleman to settle his differences with the Balkan States. . . ."

". . . On this occasion X. expressed a great deal of contempt at the suggestion that we should draw upon the members of the old diplomacy for additional help. On the whole, he seemed to be very proud of the achievements of the Foreign Office, whereas I am of opinion that this body has entirely failed, and is of no practical use any longer. Things must be in a pretty bad state if Herr Erzberger, of all people, is looked upon as the last hope of the country. I suggested to the gentlemen that it would do some good if the Chancellor were to request the more virulent of the Pan-Germans to see him, and to ask Hindenburg to explain to them the military situation without any camouflage. This suggestion was favourably received, and it is to be passed on to the Chancellor. . . .

". . . . The Chancellor informed me that he was considering whether, if Roumania remained neutral, and if the operations against the Dardanelles terminated successfully for us, he ought to submit any official proposals for peace to our enemies. I expressed my admiration of the plan, but told the Chancellor of my objections to its practical execution. The Entente, I feared, would refuse to entertain the proposals, and the German people would regard it as a sign of weakness. The Chancellor asked me to refrain from pronouncing a definite opinion for the present, but to think it over until our next meeting."

In a letter of July 31st, 1915, Ballin wrote as follows :

" I should like to express my heartfelt gratitude to you for sending on to me the report which contains some of the finest observations that have come to my knowledge since the outbreak of the war.

" . . . The writer lays great stress on the belief prevalent in enemy and neutral countries alike that Germany is making a bid for universal supremacy and for supremacy on the high seas—a belief which has spurred on the resistance of the enemy to the utmost, and has caused a good deal of bad feeling amongst the neutrals. I repeatedly brought this fact to the knowledge of the Chancellor and I urgently suggested to him that in some way—e.g., by an Imperial proclamation on the anniversary of the outbreak of war, or by some other suitable means—we should announce to all and sundry that such hare-brained schemes are not entertained by any responsible person or body of persons in Germany. I sincerely trust that some such steps will be taken at an early opportunity, because otherwise I do not see when the war will be over. Though not a pessimist I do not believe in taking too rosy a view of things. I envy the British because they have the courage openly to discuss in their press and parliament the reverses as well as the successes they have had.

" . . . You see I am not taking too cheerful a view of matters. I have nothing but the most enthusiastic admiration for the achievements of the German people, both at the front and at home. Although not gifted politically this people could do wonders if led by great statesmen and by great politicians."

" . . . August 10th, 1915. This morning I spent an hour with the Chancellor, who had requested me to call on him. . . . We had a long discussion as to the advisability of publishing a statement to the effect that Germany would be ready at any moment to discuss an honourable peace. She had achieved great successes in the field, she was in possession of important mortgages, her armies were occupying large tracts of the enemy's country, and she was not carrying on a war of aggression but one of defence : therefore such a step could not be regarded as a sign of weakness. The

Chancellor, nevertheless, was afraid that such a step might after all be interpreted in that sense. I suggested to him that it might be of some use if the Pope could be induced to address a peace message to the rulers of the various countries.

"I also called the Chancellor's urgent attention to the need for dealing with the food problem during the ensuing winter, especially with relation to the price of meat."

". . . August 12th, 1915. The United States Ambassador, Mr. Gerard, had expressed the desire to discuss with me the question as to the advisability of suggesting that President Wilson should mediate between the belligerents. I therefore called on him on Tuesday, August 10th, and advised him to refrain from any official action in that direction, but said that I thought he might ask the President to sound opinion in Great Britain as to the chances of such peace proposals."

In the early part of September, 1915, Admiral v. Holtzendorff was appointed Chief of the Admiralty Staff. This appointment gave rise to a conflict with Grand Admiral v. Tirpitz, who threatened to resign because, *inter alia*, the Kaiser had issued instructions to the effect that the Chief of the Admiralty Staff should no longer be subject to the authority of the Secretary for the Navy, but that he could communicate with the Kaiser and with the Chancellor direct. Ballin thought a possible resignation of Admiral v. Tirpitz would be fraught with serious consequences at that moment, as it would produce a bad impression on public opinion and be inimical to the position of the Kaiser. These considerations caused Ballin to intervene in person with Admiral v. Tirpitz and with the Chief of the Naval Cabinet, with the result that the Grand Admiral withdrew his intended resignation.

The following extracts are taken from Ballin's notes during the next few months:

". . . October 20th, 1915. I am annoyed at the importunity with which some interested parties, such as

the Central Association of German Manufacturers and the representatives of agriculture, are pushing forward their views on the peace terms. Moreover, my alleged readiness to conclude a 'bad peace' with Great Britain is being talked about so widely that even His Excellency Herr v. Zimmermann has drawn my attention to the ill effects of such calumnies. All this has prompted me to avail myself of the opportunity presented by the annual meeting of the Association of Hamburg Shipowners of making a speech in which I have explained my views as to the freedom of the seas.

"Prince Bülow will be leaving for Lucerne to-day where he intends to stay for some time, and the Prussian *chargé d'affaires*, Herr v. Mutius—of whom it has been alleged that the Chancellor appointed him to his post on the death of his predecessor (the excellent Herr v. Bülow, Prussian Minister to Hamburg) for the reason that he might have a watchful eye on Prince Bülow and myself—has been promptly transferred to Warsaw. Evidently the Berlin authorities now think the danger has passed, since Prince Bülow has left."

". . . November 23rd, 1915. Hammann[1] asked me why I did not call on the Chancellor, and I told him that I thought the Chancellor might feel annoyed with me for my interference in favour of Tirpitz, which, however, would not affect me in any way, because I was convinced that I had acted in the best interests of the Kaiser, and that it would have been unwise to remove Tirpitz from his post so long as the war lasted."

". . . The Chancellor asked me to see him on Wednesday at 6.30 p.m., and I spent nearly two hours with him. I urgently advised him to make a frank statement in the Reichstag as to our readiness for peace, and to do so in such a form that it could not possibly be looked upon as a sign of weakness."

". . . On January 10th, 1916, I was commanded to dine with Their Majesties at the *Neues Palais*. The only other guests apart from myself were the Minister of the Royal Household, Count Eulenburg, and the Minister of Agriculture, Herr v. Schorlemer. None of the suite were present so that the company consisted of five persons only. The Kaiser was in

[1] The head of the Press Department of the Foreign Office.

high spirits and full of confidence. The after-dinner conversation extended to such a late hour that we did not catch the train by which we intended to return, and we were obliged to leave by the last train that night.

"A remark of mine concerning the possibility of an extension of submarine warfare had, as the Chancellor had been informed, caused the Kaiser to assume that I completely shared the point of view of Admirals v. Holtzendorff and v. Tirpitz, who now recommend a submarine campaign against Great Britain on a large scale. I therefore, at the Chancellor's request, addressed the following letter to the Kaiser:

"'A few days ago I had occasion to discuss with Grand Admiral v. Tirpitz and Admiral v. Holtzendorff the question of a resumption of the submarine campaign.

"'I was then given confidential information as to the number of submarines at our disposal, and I am bound to say that even if due allowance is made for the activity of the mine-seeking auxiliaries I regard the number of large submarines as insufficient for the purposes of such a finally decisive measure.

"'The first attempt at submarine warfare proved unsuccessful on account of the insufficiency of the means employed to carry it through; and it is my humble opinion that a second attempt should only be undertaken if its success were beyond the possibility of a doubt. If this cannot be guaranteed the consequences of such a measure appear to me to be out of all proportion to the risks attached to it.

"'I therefore beg to respectfully suggest to Your Majesty that the work of the mine-laying auxiliaries should be carried on as hitherto, and should even be extended. I also consider that the submarines should be made use of to the fullest extent of their capacity, with the proviso, however, that their employment against passenger steamers should be subject to the restrictions recently laid down by Your Majesty.

"'When the number of the big submarines shall be sufficient effectively to cut off the British food supply, I think the time will have arrived for us to employ this weapon against Great Britain without paying regard to the so-called neutrals.

"'At present about two hundred ocean steamers or more

enter British ports every day, and an equal number leave for foreign ports. If we sink a daily average of 30 or 40 we can, indeed, greatly inconvenience England, but we shall assuredly not be able to compel her to sue for peace.

"'I humbly apologize to Your Majesty for thus stating my views on this matter; but I am of opinion that the extreme importance of the proposed steps will be a sufficient excuse for me.'"

In the early part of 1916 Ballin went on a second mission to Vienna, and afterwards he prepared a detailed report for the Chancellor dealing with the state of public feeling as he found it. This document presents a faithful picture of the precarious conditions in that capital which the German Government had constantly to reckon with, and may therefore be of interest even now. The following passages are extracts from it:

"If we desire to keep the Austrian fighting spirit unimpaired we must avoid at all hazards suggesting the possibility of an understanding with Italy. The Italian war is popular down to the lowest classes of the people, and the successful stand against Italy is a subject of pride and hope to all Austrians.

"Hence the circumstance that Prince Bülow has temporarily taken up his abode at Lucerne has roused a considerable amount of suspicion. Even the officials in the various ministerial departments fear that the Prince might intend to make unofficial advances to Italy when in Lucerne, and that these steps might be followed in Berlin by a movement in favour of a separate peace with Italy by which Austria would have to cede the Trentino. People were obviously pleased and relieved when I could explain to them that the Prince was greatly embarrassed on account of having lost his Villa Malta, and that the choice of a suitable residence during the winter had been very difficult. They were particularly gratified when I told them—what I had heard from the Prince's own lips—that he had had no official mission, and that he had not been engaged upon any negotiations.

"People are especially proud of the Isonzo battles, but they do not shut their eyes to the uncertain prospects of a successful Austrian offensive. They really consider that Austria has gained her war aims, and the old Emperor described the military situation to Frau Kathi Schratt by saying that the war was in many respects like a game of tarock, in which the winner was not allowed to cease playing because the losers insisted upon him going on with the game so that they might have their revenge. Matters at first had been to the advantage of our enemies: the Russians had overrun Galicia, the Serbians had defeated the Austrians at Belgrade, and the French had looked upon the retreat from the Marne as a great success. Now, however, the war was all in favour of Germany and Austria, and therefore our opponents did not want to call a truce just yet.

"If this comparison which the venerable old gentleman has borrowed from his favourite game of cards is correct, the war will not be over until one side has nothing further to stake, and the decision will be brought about by that side whose human and financial resources shall last longest.

"Banking circles, of course, view the financial situation with the utmost gravity, but the general public—in spite of the high prices ruling here, and in spite of the great want of food which is much more noticeable than with us—regard matters a great deal more serenely. This is simply due to the greater optimism so characteristic of the Austrians, whose motto is: 'Life is so short, and death so very, very long.' They prefer to assign to future generations the worries which would spoil their sublunary existence.

"The present Cabinet is looked upon as weak and mediocre. The old Emperor clings to Count Stürgkh because of the extensive use to which the latter puts the celebrated paragraph 14 of the Constitution, by which Parliament is eliminated altogether, and which provides the Government with every conceivable liberty of action. The all-powerful Tisza gives his support to Count Stürgkh just because of his weakness. Hence the attempt to replace the latter by Prince Hohenlohe, the present Minister of the Interior, is beset with much difficulty. The Emperor wants to avoid a break with Tisza at all costs. This state of things makes people feel very worried.

The strain in the relations between Austria and Hungary has greatly increased since my last visit, whereas the friendly feelings for Germany are now more pronounced than ever.

"Our Kaiser everywhere enjoys an unexampled veneration. Within the next few days he will be made the subject of great celebrations in his honour. Although the tickets of admission are sold at enormous prices, even General v. Georgi, the Chief of the National Defence Organization—whom I met last night—did not succeed in obtaining a box, notwithstanding his high connexions. This morning the well-known member of the Hofburg Theatre, Herr Georg Reimers, read to me two poems dedicated to the Kaiser which he is going to recite that night, and I feel bound to say that it can hardly be an unmixed pleasure to the members of the court to witness this act of enthusiastic homage paid to our ruler.

"The Roumanian question, particularly in its bearing on the food supply, is regarded by people who are able to judge with great anxiety. It is believed that the only thing to do is to send to Bucharest experienced men connected with the supply and the distribution of food who must be properly authorized to purchase as much grain as possible for ourselves and for our allies.

"The big Austro-German *Zollverein*—or by whatever other name it is intended to describe the proposed customs union—is looked upon with very mixed feelings. Last night Baron Skoda (the Austrian Krupp) explained to me after a dinner given at his house, with the lively consent of members of the court and of the big manufacturers, that the Austrian interests might indeed profit from such a union with the Balkan States, but that it would be better that Germany should remain an outsider for a period of fifteen years. This is evidently a case of *timeo Danaos, et dona ferentes*, and people feel that Austria, owing to her economic exhaustion, would be easily absorbed by Germany after the conclusion of the war. The Hungarians, naturally, view matters from a different angle, not only because the Hungarian farmers would like to sell their grain to Germany free of any duty, and because industry counts for very little in their country, but also because they dislike the Austrians.

" . . . I also dined with Count Tisza. He is a purely Magyar politician who regards the international situation from his Hungarian point of view, and in conformity with his Magyar inclinations. He is evidently a strong if obstinate character, and he does not impress me as a man who will give up his post without a protest. He, too, thinks the real war aims of Austria-Hungary have been accomplished. Serbia is crushed, Galicia liberated, and Russian supremacy in the Balkans—formerly viewed with so much apprehension —is a thing of the past. All that is wanting now is to bring the Italian campaign to a successful conclusion and the war may be regarded as over as far as Austro-Hungarian interests are involved.

" Both Tisza and the Austrian society showed strong symptoms of an Anglophile leaning. Frau Schratt, who in such matters simply re-echoes the views of the old Emperor, seemed very pro-English, and had something to say about 'German atrocities.'

" I mention these facts because I cannot help thinking that, notwithstanding the war, some friendly threads must have been spun across from England to Austria."

The subject of an unrestricted submarine war, already touched upon by Ballin in his above-mentioned letter to the Kaiser written in January, 1916, was discussed with much animation in the course of the year, and a powerful propaganda in its favour was started by certain quarters. Ballin's attitude towards this question, and particularly towards its bearing on the possible entry of the United States into the war, is described with great clearness in a letter addressed to a friend of his attached to the Army Headquarters. In this message he wrote:

" . . . You ask me to tell you something about the political and military situation as I see it, and I shall gladly comply with your wish.

" The American danger seems to be averted for the moment at least. A severance of diplomatic relations with

the United States would have been nothing short of fatal to Germany at the present stage. Just because the war may be looked upon as won in a military sense, we were obliged to avoid such a catastrophe at all costs. As far as military exertions are concerned, it is quite correct to say that Germany has won the war, because in order to turn the present position into a military defeat our enemies, in the first instance, would have to gain military victories in Russia, France, and Belgium. These would have to be followed up by our retreat from the occupied countries and by their invasion of ours, and they would have to defeat us at home. Every sensible critic must see that neither their human material nor their organizing powers are sufficient for such achievements. The fact is that we have reached the final stage of a progressive war of exhaustion, which nothing but the intervention of the United States could have prolonged.

"The accession of Italy to the ranks of our opponents has shown what it means if an additional Power enters the war against us. From a military point of view the entry of Italy did not materially aggravate our position; but the whole aspect of the war, as viewed by our enemies, underwent a complete change, and Grey, who shortly before had announced that 'there is nothing between us and Germany except Belgium;' stated a few weeks subsequent to the Italian *volte-face* that he could not find a suitable basis for peace negotiations anywhere.

"The entry of the United States would have been of immeasurably greater effect on the imagination and the obstinacy of our enemies.

"The very intelligent gentlemen who even now preach the unrestricted submarine war, especially the leading members of the Conservative and National Liberal parties, are misinformed about what the submarines can do. They not only regard it as possible, but even as practically certain, that the starvation of Great Britain could be achieved if the unrestricted submarine war were introduced. I need not tell Your Excellency that such an assumption fails to estimate things at their true value. Great Britain will always be able to maintain her connexion with the French Channel ports. Quite apart from that, she will always succeed in importing

the 14,000 tons of cereals which she needs every day to feed her population even if the number of our submarines is trebled, because it must not be forgotten that the submarines cannot operate during the night.

"Hence the whole problem is now, as ever, governed by the axiom to which I have over and over again drawn the attention of the heads of the Berlin economic associations, viz. that we can no more force the British into subjection through our submarines than they can hope to wear us out by their starvation blockade. Both the submarine war and the blockade are extremely disastrous measures, inflicting heavy losses on either side; but neither of them can determine the fate of the war nor bring about a fundamental improvement in the position of either of the belligerent groups of Powers. That, apart from all other considerations, the unrestricted submarine war would have exposed us to the open hostility of the neutral countries, and might even have caused them to join the ranks of our enemies, is an additional contingency which the submarine enthusiasts have found it most convenient to dismiss by a wave of the hand.

"If after the war Germany remains isolated from the rest of the world, she cannot feed her population, and the doctrine of Central European brotherhood promulgated by some of our amiable poets has given rise to a movement which is apt to be of the greatest detriment to the interests of our country when the war is over.

"If we had wished to invest large parts of our German national wealth in countries like Austria-Hungary, Bulgaria, and Turkey, nothing could have prevented us from realizing such a plan at any time previous to the war, provided we had thought it economically sound.

"Such a return to a continental policy, I maintain, would be a disaster to Germany. Our needs and our aspirations have increased to such an extent that we can no longer hope to satisfy them by economic isolation or within the framework of a Central European economic league of states.

"It is not because I am at the head of the biggest German shipping concern that I tell you these things, but I do so with the disinterestedness of a man who hopes to be allowed to retire into private life when this terrible war is over. No one

can perform his life's work more than once, and no one can make a fresh start at the age of sixty.

"The war has considerably strengthened the moral fibre of the Chancellor; he has learnt to take upon his shoulders responsibilities which, I think, he would formerly have shirked. It is much to be regretted that the Conservative party cannot see eye to eye with him in so many questions. He is blamed for the fact that the Kaiser is so difficult of access, and that he does not every now and then receive the leaders of our political and economic life, as he should do considering the fateful time through which the Empire is passing.

"If the Chancellor is to succeed in carrying through the huge tasks still before him, it is, in my opinion, imperative that he should not lose touch with Conservative circles, and I think there is no reason why the Kaiser should not ask men like Herr v. Wangenheim, Count Schwerin-Löwitz, etc., to visit him from time to time at headquarters, and to acquaint him with their wishes and anxieties.

"I cannot help telling you that the whole nation views with profound regret the Kaiser's isolation. Since the outbreak of the war I have only once had an interview with His Excellency v. Falkenhayn, and the main purpose of my asking for it was to request him to bring about a change in this state of things by using his influence with the Kaiser. His Excellency frankly told me that he had some objections to doing this, but he promised me nevertheless that he would exercise his influence in this direction. I am only afraid that, because of the excessive burden of work he has to get through, the matter has slipped his memory. . . ."

Ballin was not the only one who, as early as 1916, regarded with such alarm the devastating effects of a possible entry of the United States into the war; other men of political training thought so too, although their number was not large. The following passages, taken from two letters which Ballin received from a member of the German diplomatic service, show that the feeling was there:

"February 16th, 1916. My chief apprehensions are purely political. Although it seems that for the moment our differences with the United States will be smoothed over, there can be no doubt but that at times the tension has been so great that a wrong move at the critical moment would have caused America to take up arms against us. Contrary to what most people seem to think, I regard this danger as having by no means passed; in fact I look upon it as always lurking in the background. Those who, like myself, have seen that the secret ideal of British policy is an alliance and permanent co-operation with America, will agree with me that such an Anglo-American understanding for the period of this war would be of lasting detriment to our whole future. You know England, and you know that the course of events has turned the Entente automatically into an alliance, although the British, especially those who look beyond the actual present, have always felt a great deal of aversion towards such a development. The individual Frenchman, indeed, is mostly looked upon as a somewhat grotesque and slightly ludicrous character, but all the same there exists some sympathy with the French as a nation, however artificially this may have been brought about; but towards Russia the average Englishman never felt anything but an icy aloofness and a great deal of antipathy. Hence, the so-called allies of the British have never been the cause of unalloyed joy to them.

"On the other hand, to establish permanent relations with that part of the Anglo-Saxon race inhabiting the huge continent across the Atlantic has at all times been the aim pursued by every really far-sighted British statesman. By means of such an alliance, it is hoped to consolidate and to strengthen for many generations the foundations on which the venerable but also slightly dilapidated structure of the United Kingdom rests. From a purely maritime point of view, such an alliance would be of overwhelming strength. In my opinion it would be perfectly hopeless for our country, constantly menaced as it is by serious Continental complications, to gain the trident of Neptune in opposition to these two Powers. I believe an Anglo-American league, whose object it would be to prevent us from becoming a commercial, naval, and Continental Power, would restrict

us once more to a purely Continental policy, a policy which we have so successfully discarded since the accession of our present Kaiser.

"To frustrate such an alliance must be our principal task. To call it into being or even to facilitate its conclusion would be the greatest crime against Germany's future which anyone could commit.

"Let us by all means sink as much enemy tonnage as possible, let us lay mines, and let us proceed with our submarine warfare as hitherto, or even with more energy, but let the people who are at the head of the whole movement be aware of the immense responsibility that rests on their shoulders. If our leading men speak of a war with America just as cheerfully as though San Marino or Montenegro were involved, I cannot help viewing such an attitude with the utmost apprehension. The British will use all their astuteness and all their energy to exploit any mistakes committed by Germany. If they succeed in this, and if, in consequence, our relations with the United States become very strained again or drift towards a rupture, I fear that we shall not be able to bring this war to a successful close, or derive from it any security for our future development.

"Berlin, February 26th, 1916. During the two days I have now been here it has greatly depressed me to see a number of fanatics who cannot gauge the consequences of their doings attempting to drive this splendid German people towards a new abyss. Alas! delusions and folly are rampant everywhere. If I were you, I should now disregard every other consideration, and explain to the Kaiser as a friend that everything is being gambled away: the existence of his Empire, his crown, and possibly the fate of the dynasty. It is like living in a madhouse; everyone talks about war with Holland, America, Denmark and Roumania as though a mere picnic were concerned."

During the war Ballin tried over and over again to make the responsible authorities see the position in the same light as his own observations, and his repeated discussions with unprejudiced and clear-headed men had

led him to see it himself. The letter reproduced below contains a description of the general situation at the time of writing (July, 1916). It was addressed to a friend of his in the diplomatic service who was looking after German interests in one of the countries allied with Germany, and who had asked him for some information concerning the situation at home:

"I am sorry that I can send you no good news at all. The conduct of the war and its probable outcome are more of a mystery now than ever, and with all that I cannot help feeling that our responsible quarters do not even now realize the profound gravity of the situation. The political and the military leaders are frequently at variance. There is a lack of proper co-operation between Berlin and Vienna. We imagine ourselves to be the rider, but we are only the horse. The road between Berlin and Vienna is studded with compromises of doubtful value, and incapable archdukes are given the most important positions.

"The military situation was favourable until the Austrians thought their day of reckoning with Italy had come, and when our own Supreme Command set out to cover themselves with laurels in France.

"Both these undertakings turned out to be political and military failures. For hundreds of reasons an early peace is imperative to us. As matters stand at present only Great Britain and Russia can conclude peace, because France and Italy must be regarded as mere British vassals.

"Since the Cabinets of London and Petrograd remain absolutely deaf to our publicly expressed overtures for peace, we have no choice but to try to utterly defeat the one or the other of these, our principal enemies, either Russia or Great Britain.

"We could have finished with Great Britain if we had had at least 300 first-class submarines, and in that case we might have regarded a war against America with complacency.

"However, even if we possessed, as some optimists believe, as many as 150 first-class submarines, we could not strike a mortal blow at Great Britain and defy the United

States as well. Therefore, we have only one choice left: we must force Russia, our second chief enemy, to her knees.

"Russia has been badly hit through the loss of the industrial regions of Poland. If we had exerted all our strength in that direction, and if we had taken Kiev, the economic key to Russia, the Tsar would have had no alternative but to conclude a separate peace, and this would have settled the Roumanian question at the same time.

"With less certainty, but also, perhaps, with less exertion, it might have proved possible to make peace *via* Petrograd. But what have we done instead? We have squandered our forces. The Eastern theatre of war was denuded of troops, because at first Falkenhayn felt sure he could take Verdun in a fortnight, then by Easter, and finally by Whitsuntide. All our forces have been hurled at Verdun; rivers of blood have been spilt, and now, in July, we are still outside it. And what does it profit us if we do get it? We shall only find other and more formidable lines behind it.

"In the meantime our good Austrians have transferred all their reliable officers and men to the Tyrol, and have left nothing but the rubbish and their inefficient generals to guard the points of danger. And what are the results? A graceful retirement for Salandra and the formation of an anti-German coalition government in Italy on the one hand, and a manifestation of Austrian superiority on the other, but a failure, nevertheless, because the Austrians were not strong enough numerically to get down into the plain. And even if they had compelled the evacuation of Venetia nothing would have been gained. The fate of Italy, as it happens, does not depend on Austria, but on Great Britain, who will rather watch her starve and perish for want of coal than permit her to sue for peace.

"Although all this is perfectly plain to everyone, our Supreme Command seems to be undecided as to whether an offensive with all the means at our disposal should be started on the Western Front simultaneously with one against Russia, or whether it should be directed against Russia only. As far back as last year I exerted all my influence—small though it has become—in favour of an energetic and whole-hearted offensive against Russia.

"Well-informed and far-seeing men have justly pointed out that, if fortune so wills it, the Kaiser, arm in arm with Hindenburg and Ludendorff, could risk a 'bad peace' without danger to himself and his dynasty, but it appears beyond doubt that the influence of Falkenhayn is all-powerful.

". . . If we were to arrive at an understanding with Russia to-day, we should be able to go on with the war against Great Britain for a long time to come, and, by means of unimpeded submarine activity, to carry it to a successful issue. In that case we could also estimate the danger threatening us from America at as low a figure as many who are unacquainted with the position are putting it now.

"Thus it is my view that it is necessary to abandon definitely the belief that the war can be brought to a successful issue on the Western Front, and without first defeating Russia. It is greatly to be deplored that many observers assert that the Western Powers will make peace when they have found out that the big offensive now in progress remains without any visible success. Only people who do not know Great Britain can put forward such a proposition, but how many people are there at the Wilhelmstrasse who do know Great Britain? Very few indeed, if any . . .

". . . You said you would rejoice to hear from me, and I can only regret with all my heart that I have not been able to report anything to you in which it would really be possible to rejoice."

A still more serious note is struck in the following letter written in September, 1916:

"Very many thanks for your welcome letter of yesterday's date, with the contents of which I agree in every detail.

"I quite share your belief that Hindenburg and Ludendorff must each feel like a great physician who is only called in when it is too late. Two declarations of war within 24 hours were necessary to bring about this change which the German people had been looking forward to for months and months. The Chancellor is justly reproached for not having had the courage to insist upon the appointment of these two men

and on the resignation of Falkenhayn long ago. It is contended that he should have tendered his own resignation if his recommendations were refused, and his neglect to do so makes him principally responsible for the fate that is in store for us. For a long time back I have kept emphasizing the need for transferring our main activities to the Eastern theatre of war, and for definitely settling these personal questions.

"The Chancellor clings to his post because he believes that there is no one better qualified than himself to be at the head of affairs. Such an attitude reminds me of the old gentleman who neither wanted to die nor to retire from his post as president of the Berlin Chamber of Commerce, and who bitterly complained to those who came to congratulate him on his ninetieth birthday that he was compelled to stick to his office, in spite of his advanced years, because he could not see a better man to succeed him.

"It is very sad that we have arrived at such an *impasse*, and I am convinced that the present internal political situation is untenable. No German Chancellor can possibly carry the business of the country to a successful issue if, in the midst of a terrible war, he is obliged to fight against an opposition consisting of the Conservatives, the representatives of the Heavy Industries, and the majority of the National Liberals.

"As far as I can make out, the Chinese wall surrounding the Kaiser has not disappeared with the exit of Falkenhayn from the scene. No one is granted access to him who knows something about the events that led up to this war, and who, in the interests of his dynasty as well as his own, would tell him the unvarnished truth. We are, after all, a constitutional country. It would doubtless be best to transfer General Headquarters to Berlin, but, of course, people are not wanting who object to such a proceeding, asserting that it would enable outside influences to acquire a hold on the conduct of affairs.

"How badly people are informed with regard to the actual situation was brought home to me when I was in Berlin a short while ago, and when X. contended with great emphasis that we should have to attach more value to huge indemnities than to annexations. If it is possible that the men

round the Kaiser count on heavy indemnities even now, it shows how sadly they misjudge the real state of affairs.

" My feeling tells me that the present Cabinets, containing as they do men who are compromised by their actions since the outbreak of war, cannot give us peace. How can anyone imagine that men like Bethmann, Asquith and Grey, who have hurled such incredible insults at each other, can ever sit together at the same table ?

" The question as to who is to succeed them, of course, abounds with difficulties.

" I recently met some Austrian gentlemen in Berlin. They are completely apathetic ; they have lost all interest in the future, and they themselves suggest that Germany should no longer permit Austria to have a voice in the conduct of affairs. Her food supply will only last until March 1st. After that date she will depend on Hungary and ourselves for her food. She fears that she is not likely to get much, if anything, from Hungary ; on the other hand, she feels sure that we are compelled for our own sake to save her from famine.

" Constantinople, too, has only supplies for a few more weeks.

" With us at home the paraffin question is becoming very serious. In country districts it may be possible to tell people to go to bed at curfew time, but the working population of our large cities will never consent to dispense with artificial light. Serious riots have already taken place in connexion with the fat shortage.

" I am afraid that Great Britain is trying to bring about such a change in the situation as will enable her shortly to tell the small neutral countries that no one in Europe will be permitted any longer to remain neutral, and that they must make up their minds to enter one or the other of the two big syndicates. You see nothing I can write to you has even a semblance of comfort in it. I regard the future with the utmost apprehension."

In contrast to such views as were expressed in the foregoing letters, the men who were at the head of

affairs at that time maintained that nothing but the application of rigorous force, or, in other words, the unrestricted use of the submarine weapon against Great Britain, would lead to a successful termination of the world war. The propaganda in favour of that measure is still in everybody's memory. Whatever may be said in defence of the authors of this propaganda, there is one reproach from which they cannot escape, viz. that they left no stone unturned to prevent their opponents from stating their views, and this, on account of the strict censorship to which the expression of every independent opinion was subject, was not a difficult matter. Their one-sided policy went so far that, when a pamphlet on the question of submarine warfare was written by order of the Admiralty Staff and circulated among a number of persons, including leading shipping men, Ballin was purposely excluded, because it was taken for granted that he would not express himself in favour of the contents. It is not likely, however, that the methods of reasoning put forward in this document—which was much more like an academic dissertation than an unprejudiced criticism of a political and military measure affecting the whole national existence of Germany—would have induced Ballin to change his views on the submarine war. Once only, and then merely for a brief period, was he in doubt as to whether his views on that question were right, but he soon returned to his first opinion when he found that he had been misinformed regarding the number and the effectiveness of submarines available.

The inauguration of unrestricted submarine warfare in January, 1917, not only put a sudden end to the peace movement in which Ballin, as has been explained on a preceding page, played an important part, but also to the attempt of President Wilson to bring the two sides together. The details of the President's

endeavours have meanwhile become public property through the revelations of Count Bernstorff, the German ambassador in Washington. In both instances a few weeks would have sufficed to ascertain whether the proposed action was likely to bring about the desired end, and the former attempt had even led to the impending establishment of mutual contact between the belligerents. The inability of the German political leaders to avail themselves of this opportunity, or at least their failure to do so, has doubtless been the greatest misfortune from which Germany had to suffer during the whole war.

Notwithstanding the successful exploits of the submarines, Ballin's apprehensions never left him, and they were not allayed by the development of the position at home. The letter published below, which he wrote to the Chief of the Kaiser's Civil Cabinet, believing that this gentleman would be most likely to assist him in laying his views before the Kaiser, admirably sums up his feelings, and testifies both to his real patriotism and to his presentiment of the fate that was to overtake his country:

"YOUR EXCELLENCY, "*April 4th*, 1917.

The internal conditions of our country fill me with grave alarm, and I therefore venture to approach Your Excellency privately with this expression of my apprehensions.

"I do not doubt for a moment that our competent authorities intend to extract the utmost advantage to ourselves from the situation which is developing in Russia. This Russian revolution may enable us to bring the war to a close, and to obtain peace terms which, relatively speaking, are not unfavourable.

"What Germany has achieved in this war is beyond all praise. A glance at the map shows how small she is compared with her opponents in the field; and yet she is bravely struggling against a world in arms in which even the few countries

that have remained neutral are not our friends. It is, indeed, one grand epic. But unfortunately the position at home becomes more untenable every day.

"If we find ourselves compelled to reduce the bread ration still more, you will, I am sure, agree with me that the bulk of the people will suffer enormously through being underfed. In Austria, conditions are said to be worse still, and I am afraid that we shall even have to part with some of our stores to feed her population.

"At first sight the Chancellor's speech in the Prussian House of Deputies appeared to be somewhat too comprehensive in its range of vision; but a few days later, when the news of the Russian revolution arrived, it almost seemed that his words had been prompted by Divine inspiration. After this Russian news had become known, it would have been impossible for him to make this speech without giving rise to the suspicion that these events had cast their shadow in advance on the Prussian Parliament. Unfortunately, however, this favourable development was not followed up by the right steps. On the contrary, the Chancellor, after his breezy advance in the House of Deputies, has now retired from the position he then took up, thus creating the impression that our policy is constantly shaped by all sorts of mutually contradictory views and currents. Up to now, although the people have to suffer greatly through the shortage of food and fuel, their patriotism has put up with it because of their faith in the promised electoral reforms. It would have been so simple to reiterate this promise, and at the same time to point out that so many other things claimed precedence during the war, and that so much was at stake, that it would hardly be advisable to introduce this great reform at present, seeing that there was no time to give proper attention to the careful working out of all the details.

"If now, however, such bills as those dealing with the entailed property legislation and with the repeal of the Polish laws are to be discussed, such a postponement is no longer justifiable.

"It almost seems as if the Government is unable to read the signs of the times. The fate of the Prussian suffrage reform bids fair to resemble that of the sibylline books, of

which it was said that the longer one hesitated to buy them the more expensive they became. To-day the people would still be content to agree to plural voting, but when the war is over, and when the Socialist leaders are demobilizing their men, inducing tens of thousands of them, decorated with the Iron Cross, to air their grievances, it will be too late to stop the ball from rolling. It is true that people say revolutions are impossible in the era on the machine-gun. I have no faith in this theory, especially since the events that have happened in Petrograd have become known to us. That, in a country like Russia, the reigning family could disappear from the scene without any opposition, and without a single Grand Duke or a single soldier attempting to prevent it, is certainly food for much reflection.

"I hope Your Excellency will pardon me for thus frankly expressing my anxieties, but I considered it my duty to let Your Excellency know my feelings."

In May, 1917, Ballin accepted an invitation received from the Supreme Army Command and paid a visit to General Headquarters, where he found a great deal of discontent prevailing with the policy of the Chancellor. He also met the Kaiser, and reports on his visit as follows:

"After sharing the Kaiser's repast—which was plain and on a war diet—I had several hours' private conversation with His Majesty. I found him full of optimism, far more so than I thought was justified. Both he and Ludendorff seem to put too much faith in the success of the submarines; but they fail to see that this weapon is procuring for us the enmity of the whole world, and that the promise held out by its advocates, viz., that Great Britain will be brought to her knees within two months, is, to put it mildly, extremely doubtful of realization, unless we can sink the ships which carry ammunition and pit-props to England."

In a letter addressed to a gentleman in the Kaiser's entourage he gave a further detailed account of his views on the optimism prevailing in high places:

"I cannot help thinking of the enthusiastic and at the same time highly optimistic letter which you had the great kindness to show me last night. My opinion is that the gentlemen who form the entourage of His Majesty ought not to view matters as that interesting epistle suggests that they do.

"You are a believer in the statistics of Mr. X. I took the liberty of telling you last night that statistics are a mathematical form of telling a lie, and that, to use the expression of a clever Frenchman, a statistical table is like a loose woman who is at the service of anyone who wants her. 'There are different ways of arranging figures,' as they say in England. I do not know Mr. X, neither do I know his statistics, but what I have been told about them seemed foolish to me. If we carry on the war, and particularly the unrestricted submarine war, on the basis of statistics such as he and other jugglers with figures have compiled, we are sure to fail in the ends we are aiming at.

"As concerns the unrestricted submarine war itself, I still maintain the view I have always held, viz., that we shall never succeed in starving out Great Britain to such an extent as to force her Government to sue for a peace of our dictation.

"I have just had a visit from a Danish friend whom His Majesty also knows quite well, and who, together with a committee of delegates sent by the Danish Government, will be leaving for England to-night. The two members of this committee who represent the Ministry of Agriculture have been instructed, *inter alia*, to complain that Great Britain now imports much less bacon, butter, and other articles from Denmark than she had undertaken to do, and that the prices she pays for these imports are much below those originally stipulated.

"Apart from the cargo carried by two small steamers that have been torpedoed, Denmark has been able, notwithstanding our submarines, to supply Great Britain with all the food required of her. The vessels remain in territorial waters until a wireless message informs them of the spot where they will meet the British convoy which is to take them safely to England. They have to pass through only a small danger zone which, as I have said, has hitherto proved fatal to no more than two vessels,

" This fact, to my mind, points to the limits of the success obtainable by our submarines. I have constantly explained, especially to the Chief of the Admiralty Staff, that I can only regard the submarine as a successful weapon if it enables us to cut off the British supplies of ore from Spain and Sweden, and also those of pit-props, because without the possession of these two necessities, Great Britain is no longer able to continue the war. I have been assured that our submarines would achieve this task, even if torpedo boats were employed as convoys ; but the experiences gained so far do not bear out these predictions. We succeed, indeed, in sinking a few vessels out of many ; but suppose there are ten ships in a convoy, it still means that nine of them, with their supplies of ore and pit-props, safely reach their destination.

" Let me repeat, the starvation of Great Britain is impossible ; because, in addition to her own harvests, she only needs from twelve to fifteen thousand tons of cereals every day, and these she can, if necessary, always obtain at night-time through her Channel service, *via* Spain and France. Even this necessity will hardly arise, because two medium-sized steamers are sufficient to carry the fifteen thousand tons, and things would have to be very bad, indeed, if these did not succeed in reaching a British port. And if our statistical tricksters juggle with crop failures, please do not forget that new harvests are soon to be expected, and that it will not do always to count on crop failures.

" You will be doing a good work if you can persuade people at headquarters to abandon their belief that Great Britain can be starved to submission. Unfortunately their other belief, viz., that we can cut off her supplies of ore and pit-props, will also have to be abandoned.

" Certainly, the achievements of our submarines have been amazing. At their present rate they will enormously diminish the British tonnage figures, and raise the hatred of everything German to boiling point ; but they will not, unfortunately, lead to such an end of the war as our Pan-Germans desire. It is a thousand pities !

" When the submarine problem began to assume practical shape, I pointed out to the Chief of the Admiralty Staff that, to be successful, the submarine war must be brief ; that its

principal object was not to sink a large number of ships, but to produce such a feeling of alarm in neutral countries as to prevent them from risking their ships (1) because of the great value of tonnage immediately after the war, (2) because of the impossibility of finding crews, and (3) because of the insurance difficulty. These conditions of success were, indeed, realized during the first four weeks; but since that time people, as I had predicted, have got used to the danger. The crews are coming forth again, the insurance companies issue their policies again, and the ships are put to sea again.

"If the Admiralty Staff, who is doubtless in possession of the figures, would submit to you a list of the number of vessels laid up in Dutch and Scandinavian ports on March 1st, owing to the submarine danger, and another one showing the position as it is to-day, you would discover that, at a low estimate, at least 30 per cent. of the cargo vessels are running again, and that, after another month or so, the number of those still idle will have dwindled down to 20 per cent. or less.

"These are my views on the situation. If we have no other means of finishing the war but the submarine menace, it will go on for years. I should like to protest in anticipation against any suggestion to the effect that I am trying to minimize the achievements of the submarines. On the contrary, I have nothing but the highest admiration for them, and I really find it quite impossible to praise in ordinary prose all that our country has done during this war; the whole achievement is one grand epic.

"Within the next few months the problem will have to be solved how to put an end to this devastating catastrophe which is ruining the progress of the world. There is no need for me to tell you that the position of Germany has grown considerably worse through the active intervention of the United States. The fact that this enormously wealthy country with its one hundred million inhabitants has turned against us is fraught with the most dangerous consequences. Now it will no longer be possible for us to continue the war for several more years, and then to enforce a peace on lines such as are laid down by a noisy section of our people, unless we succeed in exploiting the extremely fortunate change in the Russian

situation in such a way that the vast resources of that country will be at our disposal.

"This letter has become longer than it ought to be, but the gravity of the subject with which it deals must be my excuse for going into so many details. Perhaps I may avail myself of some future occasion to acquaint you with my hopes and fears on other political matters; because, as I have aready explained, the present state of affairs makes it urgently desirable that the gentlemen whose privilege it is to be near His Majesty should see things as they really are, and not as they would wish them to be.

"Compare, if you have a chance, the advertisement pages of an English paper with those of a German one. I have just come across a copy of the *Daily Telegraph* which I beg to enclose for this purpose. I have been in the habit of studying these advertisements for many months; they are excellent means of gauging the difference in the effects of the war on the two countries."

During the remaining part of 1917, and during the first months of 1918 as well, Ballin took an active interest in the preparations for the Bill dealing with the rebuilding of the German mercantile marine; in other respects, especially with regard to political matters, the course of events condemned him to remain passive. His notes during this period are few. I select the following passages from them:

". . . July 17th, 1917. The Erzberger resolution which was chiefly aimed at Helfferich and the naval authorities has made the Chancellor's position untenable. Everybody turned against Herr von Bethmann, and General von Ludendorff informed me by telephone that he would resign if Bethmann remained in office.

"I then had a lengthy talk with His Excellency v. Valentini who agreed that it was necessary for the Chancellor to retire; but he found it just as difficult as other people to name a suitable successor. Vienna had raised strong objections to the appointment of Prince Bülow, and, acting upon Valen-

tini's suggestion, I made up my mind to approach the Kaiser with a view to discussing with him the situation which appeared to me fraught with the greatest danger. I therefore asked His Excellency von Reischach to arrange such a meeting for me, but on Thursday night I was rung up from headquarters and informed that Hindenburg and Ludendorff were already on their way to the Kaiser to report to His Majesty on this subject. Under these circumstances I did not like to interfere, and on Friday I withdrew my application for an interview. The Kaiser has told the two generals that he had accepted Bethmann's resignation the previous evening. He is thus able to save himself from a perplexing situation by contending that he had to give in to the wishes of the Supreme Army Command.

". . . July 25th, 1917. Yesterday I called on Prince Bülow at his Flottbek residence, and found him looking better than I had seen him for years. After I had left him I had the feeling that the Prince, who regards the whole situation with a great deal of misgiving, would even be willing to accept the post of Foreign Secretary under Michaelis himself, in order to be able to guide our foreign policy along sensible lines once more. Contrary to the reserve which he formerly showed, he now condemns Bethmann's policy with great bitterness. Bethmann, he maintains, by yielding to the demand for universal suffrage, acted like a banker on the day before bankruptcy who would try to save himself from disaster by using his clients' deposits.

"The Mexico telegram[1] he treated with a good deal of sarcasm, remarking that it was the maddest prank since the exploits of the Captain of Köpenick, with which I agreed. If anyone, he said, ever wrote a comedy on the subject, he would scarcely venture to lay the plot in modern times, but would go back to the period when pigtails and wigs were the fashion.

". . . July 30th, 1917. I had several messages over the telephone, as well as a visit, from Lieutenant-Colonel von Voss, the Chief of Staff with the Altona Army Command, who

[1] The telegram which the Foreign Office sent to the German Minister in Mexico, and which was partly responsible for the entry of the United States into the war.

wanted to consult me as to whether Prince Bülow should be offered the post of Foreign Secretary. I am afraid, however, that there is not much chance of his being appointed. The Prince shares this opinion, and would not like the Press to make any propaganda in his favour.

' . . . Sept. 14th, 1917. In the meantime, on August 19th, the Kaiser has been to Hamburg on a one day's visit. He came from Heligoland, and was brimful of optimism.

" He pretended to be very well satisfied with his new Chancellor, and was very optimistic as to a German victory, an attitude which, I am afraid, is not in the least justified by the situation as it is."

In the month of September, 1917, Ballin wrote a memorandum for Dr. Schwander, the newly appointed Secretary of State for National Economy. Apart from politics this document deals with economic matters, and in particular with the legislation concerning these during the period of transition which would succeed the close of the war. Ballin gave a great deal of thought to these questions, and I shall refer to them later on. Meanwhile I will quote the text of the memorandum :

" *September 6th*, 1917.

" The fall of Riga shows once more how far superior our military achievements are to the work performed by our politicians. With the dispatch of the Mexico telegram their folly appeared to me to have reached its height ; but the descent from that point is but slow. The news recently published by the Press to the effect that the Federal Council is to deal with the question of the constitutional and administrative reforms which are to be granted to Alsace-Lorraine, makes me fear that some big political blunder is going to be committed again. It is evidently believed that, if Alsace-Lorraine were to be established as an independent federal state with perhaps some South German prince as its Grand Duke, such a measure would remove an obstacle to peace. I, however, consider it a great tactical mistake to attempt such a solution of the Alsace-Lorraine problem before the war is

over. We must never lose sight of the fact that each one of the leading actors in the political drama has to play to his own gallery, and that therefore at the conclusion of peace—which in my opinion can only be one of compromise—French diplomacy must be able to show up something which the man in the street can be induced to regard as a *succès d'estime.* No doubt it would be easier and more to our liking to solve the problem in our own way, and at the initiative of our Government; but by doing so we would deprive ourselves of another possibility for compromising which we ought to keep in order to enable the French to retire from the struggle with a fair measure of success.

"We have a bad habit of spoiling the chances of peace by premature actions intended to help it on and to prepare the way for it. Just think of what we did in Poland! In the same way we deliberately diminished the great value of the important asset which we possess in the shape of Belgium when we set up the Council of Flanders and introduced the administrative partition of that country.

"Besides these political matters there are others which were better left alone for the present. I am thinking of the steps taken to regulate our economic restoration after the war. War corporations are springing from the ground like mushrooms after rain, and the preparations made in order to solve the difficult economic post-war problems have an ugly tendency toward establishing too many Government-controlled organizations. To my mind the appointment of a 'Government Commissioner for the period of Economic Transition' is altogether superfluous. We must refrain from all attempts at interfering by artificial means with the natural development of events. This, however, is precisely what the Commissioner would have to do. He would have to act according to instructions received from the Bank of Germany or from some specially created body dealing with the question of the foreign exchanges and the provision of foreign bills.

"My belief is that our foreign exchanges which have so completely got out of order will prove an excellent means of diminishing the hatred against us and of making our enemies less disinclined to resume business with us. The Americans who are now able to obtain goods to the value of M 6.20 for

their dollar, instead of M 4.20, as they used to do, will soon discover their liking for us again.

"Another point is that the coming peace, even if we derive no other gain from it, will enormously raise German prestige all over the world. Prussia became a European Power after the Seven Years' War, in spite of the fact that the peace treaty brought her neither a territorial nor a financial gain, merely confirming the right of Frederick the Great to the possessions he had defended in the war. Prestige, however, means credit, and this circumstance makes me believe that all these anxious discussions of the foreign exchange question and of the need for controlling German payments abroad are just as superfluous as the Government control of our economic activities during the period of transition.

"The nations now at war will be impoverished after the war, and the state of our exchange and the high prices of raw material will compel us to live from hand to mouth as far as the importation of raw material is concerned. Pending the return of normal conditions, no sensible manufacturer will want to import more raw material than he urgently requires.

"I therefore think we ought to try to induce the Government to desist from its proposed control of trade and industries, and to restore the old conditions. If the Government's proposal to carry on under its own management large sections of our import and export trade—in order to make these valuable sources of profit available for the reduction of its debts—were allowed to materialize, our economic doom would be certain, however attractive the plan might be in view of the huge national debt. One must be careful not to ignore the fact that the flourishing state of trade and manufactures is always largely due to the existence of personal relations.

"If I think of the lessons of the past forty years—a period during which the freedom of trade, the freedom of industrial enterprise, and the freedom of shipping have led to marvellous successes and to the accumulation of huge wealth—I ask myself: 'How is it possible that a wise statesman could seriously occupy himself with the plan of establishing a Government-bound system in place of it?' How, I ask you, can a State-managed industrial organization avail itself of

the advantages to be had when trade is booming, or to guard itself against the losses when there is a slump? What will be the attitude of such an organization towards dealings in futures and speculation, both of which are indispensable forms of modern business enterprise? True, it has been suggested that these difficulties could be overcome if some business men were requested to accept appointments under this system, and if so-called 'mixed' concerns worked by the co-operation of public funds and private capital were established. May Heaven grant that this will never be done! I am sure you have had even more to do than I with business men who had been promoted to the higher dignity of Government officials. Most of them have turned out complete failures in their new spheres; they have become more bureaucratic than our bureaucrats themselves; their initiative and their eagerness to take upon themselves responsibilities have never lasted very long. Let there always be a fair field and no favour! Personal relations and personal efficiency are all that we need for the rebuilding of our national economic system. The 'mixed' concerns are bad because they lack the necessary elasticity, because they disregard the personal equation, and because they impede the indispensable freedom of action.

"I am quite prepared for these views of mine to meet with much criticism. People will say: 'All that is very well, but the Government's huge indebtedness compels it to take recourse to extraordinary measures.' Quite right, but would it not be much wiser to reduce this indebtedness by increasing direct and indirect taxation, instead of depriving those who have proved during the past few decades what they can do of the means that have made them so efficient?

"Even among the efficient business men, unless they be born geniuses, a distinction must be drawn between those who can make profits and those who can organize. The former kind—who are, moreover, but few and far between—will never submit to the personal restrictions to which they would be subjected in state-managed or 'mixed' concerns. The second kind alone, however, would never make any concern prosper.

"Another consideration is that the enemy countries would view with much suspicion any such institutions controlled

partly or wholly by the Government. I remember quite well the scant respect with which the French delegates were treated at the International Shipping Conferences before the war. Everyone knew that the big French shipping companies, owing to the huge Government subsidies, had to put up with a great deal of supervision on the part of the Government, and that they could often vote neither for nor against the most important proposals with which the Conference had to deal, because they had first to obtain the consent of the Government commissioner. They were, therefore, simply ignored, as it was clear that they could raise no counter-proposals at their own initiative.

" And truly there is every reason for us to use the utmost caution whenever any questions connected with the reconstruction of our country are concerned. The excellent Dr. Naumann, with his ' Berlin—Bagdad ' slogan, has already smashed a good many window panes which will have to be paid for after the war by the producing classes. The suggestion that an economic union of the Central European countries should be established was put forward at a most inopportune moment, and the propaganda in its favour was bound to bring about the retaliatory measures agreed upon by our enemies at the Paris Economic Conference.

" The resolutions of this Conference were of little practical importance to us until the day when America entered the field against us. If the United States assents to them, it will become possible to enforce them, and for this reason I am watching the further development of the economic question with growing concern. I maintain that peace negotiations should only be started after a previous agreement has been arrived at between the belligerents to the effect that, on the conclusion of peace, the commercial relations formerly existing between them should be restored as far as possible, and that the resolutions passed at the Paris Economic Conference and at the Central European Conference should be rescinded. Such an attitude, however, can only be taken up by our delegates if they agree that the former commercial treaties, no matter whether they are still running or whether they have elapsed, should automatically become valid again for a fairly extensive period of time after the close of the war. The

disadvantages which some of these treaties involve for us are easily outbalanced by the advantages secured by the others.

"Our Government cannot be reminded too often that it is necessary to consult experienced men of business in all such questions. Since the early days of the war I have vainly tried to convince Herr v. Bethmann of this necessity. After all, nobody can possibly be an expert in everything. Yesterday, when reading the letters of Gustav Freytag to his publisher, Mr. Hirzel, I came across the following admirable piece of self-criticism: 'I do not know yet what is to become of my work; but I fear I am doing what others, better qualified than I, ought to be doing, and that I am leaving undone what I ought to do.' Every great leader in our political and economic life must have experienced that it is extremely unsatisfactory to waste one's time and energy on work which another man could do just as well as, or even better than, oneself. This the Government should remember whenever it attempts to interfere with the big industrial combines, such as trusts, syndicates, etc. Wherever a syndicate is necessary in the best interests of any industry, a leader will be forthcoming who will create it; and only in cases where inferior minds, acting for selfish reasons of their own, do not wish to acknowledge the need for combining, the Government should be asked to exercise whatever pressure it considers advisable in order to further the great aims that are involved.

"I am afraid that after the war we shall lack the funds needed for the solution of the traffic problems with which we shall then be confronted, especially with regard to our inland waterways. At any rate, if we do build the necessary canals immediately after the war, we shall find ourselves compelled to charge such high rates to the vessels using these waterways that their advantages will largely tend to become illusory. Even as it is now, our trade and our manufactures are seriously handicapped by the high canal dues existing, by the tugboat monopoly, etc. A really far-sighted policy which would make it its principal object to assist the progress of our foreign trade would have to guard against the mistaken idea that the levying of high rates was the only means of

obtaining interest on the capital invested. After all, even the turnpikes had to be abolished in the end.

"The agitation in favour of separating from Russia the Ukraine, Finland, and other parts inhabited by alien peoples —an agitation which is becoming noisier every day—troubles me very much. Since the early days of the war I have maintained that it must be our main war aim to detach Russia from the Entente, and that we must endeavour to establish close relations between our own country and Russia so that the two of us shall be strong enough to face a possible alliance between Great Britain, the United States, and France. This should be our aim even now. But if we are going deliberately to dismember the Russian Empire and to parcel it out into a number of independent units, our political influence after the war will be slight indeed, and the result must necessarily make itself felt to the detriment of our whole economic life."

At Ballin's suggestion, the members of the Reichstag were invited to attend a meeting which was to be held in Hamburg during the summer of 1918. Large sections of people in the three Hanseatic cities viewed with grave concern the plans which the Government entertained for the economic development after the war, and the meeting had been called to draw the attention of the visitors to this state of affairs. Three principal speeches were delivered, and at the close of the meeting Ballin briefly recapitulated the main arguments against too much Government interference. Much of what he said on that occasion, and much of what he had written in the memorandum quoted above, has been borne out by the events of the recent past, even though the actual terms of the peace imposed on Germany were much more unfavourable than he had expected them to be. In addressing himself to the Vice President of the Reichstag, Geheimrat Dove, and the large number of the elected representatives of the German people who accepted the invitation, Ballin said:

"We should be glad if you would see to it that the Government does not put a halter round our necks, and that it refrains from the dangerous attempt to employ barrack-room methods where economic questions of national and international importance are at stake. Let us have air, and light, and freedom to act; and we, by availing ourselves of our relations with the overseas countries, shall be able to carry out the work that lies before us . . .

". . . I am convinced that all the measures which are contemplated to stabilize economic conditions during the period of transition from war to peace will do more harm than good. If carried into practice, they will merely prepare the soil for an economic struggle to succeed the present war of arms. We need a peace that is doubly secure! We cannot ask our enemies to give us freedom where we impose compulsion. We cannot fight for the freedom of the seas, and at the same time surround Central Europe with a barbed wire.

"I do not wish to deny that in order to carry out our economic tasks a certain amount of Government control will be necessary. That, of course, goes without saying; but anything beyond it is an unmixed evil. If it is said to-day that the measures to be adopted during the period of economic transition are, in some instances, intended to remain in force for three years, and if it is announced semi-officially that the thousand and one war corporations are to be made use of for the purposes of this policy, and that their disappearance is to be very gradual—I can only sound a serious note of warning against any such designs. When the war is over all those who can do efficient work will return to their normal occupations; and those who then prefer to remain attached to the war corporations in one capacity or other are surely to some extent people who have discovered some hidden charms in these institutions, or, if not, they are persons who, fearful of the risks connected with the unfettered interplay of forces, feel that they are better off under the protecting wing of the Government. If you are going to entrust the future of our country to such organizations for better or worse, the economic war after the war, as I have said before, will be sure to follow, and you will have to face a war that will last years and years."

As regards the closing months of the war—which are also the closing months of Ballin's life—it must suffice to refer here to one event only; one, however, which is of dramatic significance. I am speaking of Ballin's last meeting with the Kaiser. His notes on this subject, roughly sketched though they are, require no further comment. I reproduce them in full:

"*Hamfelde, August 25th (Sunday)*, 1918.

"Last Tuesday Herr Deters[1] rang me up to ask me on behalf of Hugo Stinnes if I would meet him in Berlin on the Thursday. Lieut.-Colonel Bauer, one of Ludendorff's aides-de-camp, a gentleman largely responsible for the Pan-German leanings of the General and for his close association with the interests of the big manufacturers, had been to see Stinnes, and on the strength of the information he had received from Lieut.-Colonel Bauer he thought it advisable to have a talk with me. I declined the invitation because I expected that the work they wanted me to do would be anything but pleasant.

"Next morning Herr Deters rang me up again and told me that Stinnes would call on me in Hamburg on Friday morning.

"I left for Hamfelde on Wednesday afternoon, but returned to town again on Thursday, because Stinnes had arranged to call on me as early as 10.30 a.m. on Friday.

"The proposed meeting thus took place on Friday, August 23rd, from 10.40 a.m. to 1.15 p.m. Stinnes, with admirable frankness and directness, started our conversation by stating that the military situation had become much worse. Our troops, he said, began to fail us in our task, and the number of deserters had been very large lately (he mentioned, I believe, that their number was 32,000). Ludendorff had told the Crown Prince the plain truth; but it was still necessary to explain the true state of affairs to the Kaiser, and to make it clear to His Majesty that Hertling, who was completely laid up with sickness, could no longer effectively fill his post. The real work was done by his son, Captain v. Hertling, and

[1] Director of the Hamburg branch of the firm of Hugo Stinnes.

no efforts were being made to come to a cessation of hostilities. In other directions, too, matters were drifting towards a catastrophe. The Minister of War, v. Stein, lacked the necessary authority. In many instances the men called up did not enlist at all; in Silesia large numbers of them had concealed themselves in the woods and forests, and their wives provided them with food, while no energetic steps to check these occurrences were taken by the Chief Army Command. I replied to Stinnes that if Ludendorff agreed I would be ready to undertake the unpleasant task of informing the Kaiser, but that it would first be necessary that Ludendorff and myself should come to an understanding as to whom to propose to His Majesty for the Chancellorship.

"*Continuation. Hamburg, August 26th*, 1918.

"Stinnes said he thought that Ludendorff had Prince Bülow in his mind. I told Stinnes that Bülow, in my opinion, might perhaps be suitable at the head of a peace delegation, but that it was too late to think of him as a possible Chancellor, and that the German people—more particularly the Socialists—had not now the requisite confidence in his ability to fill the post of Chancellor. Neither would he be acceptable to our enemies. It would be difficult to persuade Great Britain, the United States and France that a prince, especially Prince Bülow, would seriously carry out the democratization of Germany. If, however, we really were to discuss peace at last it would be necessary that the office of Chancellor should be vested in a man to whom our enemies could take no possible exception. Stinnes perfectly agreed with me in this matter.

"We continued to discuss other possible candidates for the post, but we could not agree on anyone. Finally Stinnes proposed that we should both go to Berlin and there continue the discussion together with Lieut.-Colonel Bauer, Ludendorff's representative. He would in the meantime report to Berlin about our conversation, and he was hopeful that we could see Bauer either to-night (Monday), or to-morrow (Tuesday, August 27th).

"This morning Stinnes informed me through Deters that he had sent me a wire stating that the proposed meeting

could not take place until Monday next, September 2nd, at 8 p.m. He proposed that we should have a preliminary meeting at the Hotel Continental at 7 p.m. the same evening. I suggested that it would be better to fix this preliminary meeting at 6.30 p.m.

" I must add that Bauer's (that is Ludendorff's) suggestion was that I should not see the Kaiser by myself, but together with Stinnes, Duisburg, and Krupp v. Bohlen.

" I replied to Stinnes that I considered it very inadvisable for such a deputation to visit the Kaiser, who would never tolerate that four gentlemen—two of whom were perfect strangers to him—should speak to him about such matters. It would be better that Herr v. Bohlen, or, if Ludendorff attached special value to it, I myself should call on the Kaiser in private, and that either Herr v. Bohlen or I should then endeavour to induce the Kaiser to see the other three gentlemen as well.

" Stinnes was greatly depressed and took as grave a view of the situation as I did myself."

Ballin's notes on the Berlin meeting are confined to a few jottings, from which it appears that not Lieutenant-Colonel Bauer but Major v. Harbou in his stead took part in it, and that the question of selecting a suitable candidate for the Chancellorship proved impossible of a satisfactory solution. As a last resort, if everything else should fail, Ballin thought of proposing Stinnes himself, because in his opinion the situation demanded a man of dictatorial character and with the authority of a dictator.

Concerning his interview with the Kaiser, Ballin wrote down the following notes :

" I arrived at Wilhelmshöhe on the morning of September 5th, and I was asked to ' report ' to the Kaiser at 12.45 p.m. This expression was chosen because the new head of the Kaiser's Civil Cabinet, Herr v. Berg, evidently wished to invest my visit with an official character which would enable him to be in attendance. After a while, however, the Kaiser

became impatient and did not wish to wait till the hour appointed for the interview. So I was requested by telephone to hold myself in readiness by 11 o'clock.

" I went to the Castle at that hour and waited in the room of the aide-de-camp until the Kaiser came and asked me to go for a walk with him. However, Herr v. Berg was also there and accompanied us. Consequently the conversation lost much of the directness which would have been highly desirable in the Kaiser's own interest, as well as in that of the country.

" I found the Kaiser very misinformed, as usual, and full of that apparent buoyancy of spirit which he likes to display in the presence of third persons. The facts have been twisted to such an extent that even the serious failure of our offensive—which, at first, had depressed him very much —has been described to him as a success. It is now intended to retire to the old Hindenburg line, so that the only result of the offensive has been the loss of several hundreds of thousands of valuable lives. All this, as I have said, is dished up to the poor Kaiser in such a fashion that he remains perfectly blind to the catastrophic effect of it.

" He now puts his whole trust in Herr v. Hintze, whom he evidently looks upon as a great light.

" I told the Kaiser of my grave misgivings and made him clearly understand that I did not think there would be much use in entering into peace negotiations with Great Britain. I urged that no time should be lost in immediately approaching Wilson, who was an idealist and who had no territorial aspirations in Europe. If, however, the war should continue much longer Wilson would most probably become subject to the influences of a war party, and then we could no longer hope that he would still insist upon a settlement along the lines of his idealist programme.

" The Kaiser agreed that my views were well founded, but he thought we ought not to enter into peace negotiations before the approach of autumn, by which time we should have returned to the safe position afforded by the Hindenburg line. Then, he thought, we should avail ourselves of the offer of mediation which had been made by the Queen of Holland.

"Whenever I was too frank in my criticisms and suggestions, Herr v. Berg skilfully interposed. He declared to me when the Kaiser had left that it would not do to make His Majesty too pessimistic.

"I also discussed with the Kaiser the question of doing away with the restrictions imposed upon the sale of perishable articles of food, such as butter, eggs, etc.; and I pointed out to him that the fixing of maximum prices and the issuing of regulations dealing with illicit trading merely forced the people to pay exorbitant prices, at the same time helping those engaged in underhand trading to amass huge fortunes. On this subject, too, the Kaiser fell in with my own views, and it was decided to release at least the perishable articles, and to allow them to be sold once more through the ordinary channels without restriction.

"The Kaiser also declared that this war would soon be followed by another, to which he referred as the Second Carthaginian War. He spoke a great deal of an Anglo-American alliance which would, of course, be directed against Japan, and the views on political subjects which he expressed in this connexion showed that he is being very badly advised indeed.

"Herr v. Berg is obviously conservative and Pan-German in his politics, and it seems that his influence is predominant at Court. Only on the Prussian suffrage question did he agree with my own standpoint, which is that universal suffrage must be granted now that the King has promised it.

"Since the Kaiser and the Kaiserin, on account of the latter's illness, were dining alone, I joined the so-called 'Court Marshal's table,' together with the Countesses Keller and Rantzau, the gentlemen-in-waiting on the Kaiser, and the physician-in-ordinary and the chamberlain of the Kaiserin. The duty of acting as court marshal fell to General v. Gontard, as Herr v. Reischach had unfortunately fallen seriously ill."

In order to illustrate further what has been shown to be Ballin's views on the character of the Kaiser, I here quote the first part of a letter of his, dated October 25th, 1918:

"In the meantime," he writes, "Wilson's reply has been received, and it is certain that compliance with its terms will be equivalent to capitulation.

"To my mind Wilson's note clearly shows that he and his allies will demand that the Hohenzollerns, or at any rate the Kaiser and the Crown Prince, shall relinquish their rights to the throne, and that, in consideration of such an act, they will ease their terms of peace.

"Each of the men who are at the head of their respective Governments has to play to his gallery, and if these men desire to give their audience a convincing proof of the completeness of the success they have achieved, they can do no better than demand condign punishment for the man who has been held responsible for the war, and inflict it upon him. I do not believe that the Kaiser would grieve very much if he were given a chance now of retiring into private life without much loss of dignity. The war, which was something absolutely uncongenial to his whole nature, has had such bad effect on his health that it would be desirable in his own interest if he were enabled to retire comfortably into private life. He must see the force of this argument himself, and it is not likely that he would refuse to accept such a chance, as a refusal would prejudice the best interests of his country. The Kaiserin, however, may be expected to oppose any such solution with much feeling. If the Kaiser's grandson were now appointed his successor, and if a regent were nominated in whom everybody had confidence, the whole German situation would lose much of its seriousness. Of course, the abdication of the Kaiser would not take place without certain disturbances, but it would be necessary to face these disadvantages with a good grace. No doubt the outlook would be better if they could be avoided, and if the Kaiser, without losing his position, could be invested with rights and duties similar to those of the British king, who, broadly speaking, enjoys all the advantages of his dignity without having to take upon himself responsibilities which he is unable to bear. I quite believe that the Kaiser never derived much pleasure from his sovereign powers; at any rate, if he did, he has ceased to do so since this unfortunate war has been forced upon him."

Ballin's last entry in his diary contains the following passage:

"Stinnes has sent word to me that the Socialist and Centre parties are of opinion that I ought to be nominated to conduct the peace negotiations. I have told him that I should not shirk it, but that I should be much better pleased if somebody else would do it."

This note was written on November 2nd, 1918. One short week later, on November 9th, his heart had ceased to beat—a heart which had so warmly responded to the call of his Kaiser and country, and which had succumbed to its excessive load of grief and sorrow.

CHAPTER XI

Personal Characteristics

To present an exhaustive description of Albert Ballin's life-work within the compass of this volume is an impossible task, and the more the writer entered into the details of his attempt to do so, the more thoroughly did he realize this impossibility.

The story of a life comprising thirty-two years of incessant hard work, only interrupted when nature's law or a very imperative behest of his medical adviser made it necessary, and spent at the head of an undertaking which, as a result of this work, developed into one of the greatest that the economic history of the generation just passed has known, cannot be told in full by means of a mere description unless it be accompanied by volumes of statistics which, however, convey no meaning to anyone except the initiated.

The author, therefore, had to content himself with delineating a picture of his hero with a background formed by the events which he himself had helped to shape, and which, in many instances, had received their distinguishing stamp through his own genius. The essence of his character, and the importance of his work to his contemporaries, must stand out from this background as the portrait of a painter—as seen by himself—would stand out from a mirror. What the mirror does not show, and cannot show, is the immensity of the mental forces hidden below the surface which alone give expression to the portrait; all the factors which have brought about the final result—the strength, the

courage, the daring, and the feeling of responsibility without which it would never have been achieved.

Still more difficult it is to interpret the very essence of the character of him whose work we see before us, or, indeed, to give a comprehensible account of it to the stranger.

The only way of doing justice to a man of such commanding genius as Ballin is to try to discover first of all the one essential root principle of his personality. Having succeeded in that, we shall find no more difficulty in reconciling the great number of apparently mutually contradictory traits of his character. This principle is the focus where all the rays of light are collected from all directions, and which forms the source of light, warmth, and vital energy.

Albert Ballin was a born business man if ever there was one. To him the noble words of Schiller's lines apply: "The treasures which his ships carry across the oceans spell untold blessings to all who receive them." His whole mind was drawn towards the sea; his inborn inclinations and the surroundings amidst which he grew up had destined him to be a shipping man. To the boy Ballin the Hamburg harbour was the favourite playground; and the seven seas were just large enough to serve as a field of action for the youth and the man. There was his real home, and there he felt at rest. How often, indeed, has he assured us that the sleeplessness to which he fell an unfortunate victim whenever he was ashore left him as soon as he was on board ship, and that a miserable river barge was sufficient to have this effect on him. He was proof against sea-sickness, both bodily and mentally. Thus he became a shipping man, because it was his natural vocation; and in this chosen profession of his he became one of the greatest and most brilliantly gifted rulers the world has ever seen.

Whenever there was a problem to be solved he attacked it in a spirit of boldness, yet tempered by the utmost conscientiousness and caution. No task he encountered was so big that his daring could not tackle it and overcome its difficulties; nothing was so insignificant that he would not attend to it somehow. Whatever decision his infallible instinct intuitively recognized as right, and to whatever idea his impulsive nature had given practical shape, had to pass muster during the sleepless hours of the night before the tribunal of his restless mind when, as he used to say, "everything appears wrapt up in a grey mist." At such times his reason began to analyse and to criticize the decisions he had reached during the day. Then he would often shudder at his own boldness, and the torments of doubt would be aggravated by the thought of the enormous responsibility which he bore towards his company. For it must be understood that from the day he joined the Hamburg-Amerika Linie his interests and those of the company became parts of an inseparable whole.

The company's affairs absorbed all his thoughts at all times; the company's well-being was the object of his constant care; he devoted himself exclusively to the service of the company, and the opinions which he formed in his mind regarding persons and things were instinctively coloured according to their relationship to the company's affairs. The gradual progress during its infancy, the later expansion, and the final greatness of the company, were as the events of his own life to him; when the proud structure which he had raised collapsed his life was ended. His thoughts incessantly converged towards this very centre of his being. All his work, all his words and deeds, were devoted to the furtherance of the company's interests. He identified himself so completely with the company that he actually was the Packetfahrt, and the Packetfahrt was he. Even

his love and hatred were rooted in the company. He remained a grateful and lifelong friend to anyone who had been of service to the company or to him as representing it.

This highly subjective and indissoluble relationship between himself and the company—which it had been the dream of his life to raise to the highest pinnacle of prosperity—is the key to the fundamental principle which lies at the root of his whole complex personality. But however well-defined his personal individuality stood out, his subjectivity was nevertheless animated by a strong sense of duty. His views, for instance, on the essential principles governing the most perfect organization which modern capitalism has produced—i.e. the joint-stock company—were free from any tinge of personal considerations whatever. He was himself the responsible head of a big joint-stock company, and instinctively this fact exercised such a powerful influence on all his thoughts and feelings that it is quite impossible to arrive at a just appreciation of his character unless this circumstance is borne in mind. His character which appears so complicated to the cursory onlooker, but which is in reality of singular simplicity and consistency, is best illustrated by his reply to a question of one of his friends who had asked him why he did not allow some piece of scathing criticism which he had just expressed in private to be made public. "My dear friend," he said, "you forget that you are not the chairman of the board of directors of a joint-stock company." What he meant to convey was that the enmity which he would incur by expressing those views in public would adversely affect the firm of which he was the head, and that the interests of his company compelled him to impose upon himself restrictions which he could ignore in his private capacity.

Although he had nothing but scorn for the very sug-

gestion that this company should receive at any time any subsidies from public funds, he made it to the fullest extent subservient to the needs of the public and of the nation at large. He often remarked that such gigantic concerns as, e.g., the Hamburg-Amerika Linie, are no longer private ventures purely and simply. The ties that bind them to the whole economic life of the nation—and, for the matter of that, to the world in general—are so close and so manifold that it would be disastrous to ignore them or to sever them. Hundreds of industrial, commercial, and agricultural enterprises were lavishly supplied with work through the orders they received from the Hamburg-Amerika Linie in connexion with the building and the equipment of its steamers and with the needs of its organizations on shore. Its hundreds of thousands of passengers and emigrants, and the huge volume of German-made products and manufactured articles carried on board its vessels, spread the German name and German fame throughout the civilized world. Hence, to Albert Ballin the national flag and that of the Hapag were two symbols expressive of but one idea.

A man who, like Ballin, was at the head of the biggest German shipping company and therefore also, by implication, one of the leading spirits in the economic life of Germany, could not very well hold himself aloof where high politics were concerned. The more the economic problems gained in importance, the greater became their bearing on the course of the country's politics. Ballin, however, would never have become a professional politician from inclination, because he invariably refused to be mixed up with the strife of parties. He never officially belonged to any political party; and although he made friends with members of all the non-Socialist parties, his general outlook on politics was mainly coloured by Liberal views, and he

was a firm believer in Free Trade. Whenever questions dealing with the interests of shipping and trade were involved, he had no difficulty in making the responsible people listen to his claims and to his suggestions, but he never tried to make his influence felt on purely political affairs unless they affected the country's vital international interests. His lengthy and extensive travels to the countries of Europe, to the North American continent, and to the Far East, had broadened his outlook. His profession as a shipping man not only brought him into frequent contact with the heads of the big shipping companies all the world over, but also with a number of the financial magnates and industrial captains of Great Britain, the United States, and other countries of economic importance. He took rank with the greatest economic leaders as an equal, and this unchallenged position of commanding authority was reflected by the esteem in which he was held by the principal statesmen and parliamentarians. He was familiar with the essential and vital needs of other nations, and he therefore not only stood up for the national rights whenever they appeared in jeopardy, but he also raised his warning voice against a policy provocative of conflicts whenever he thought it possible to avoid them. Whoever is conscious of his strength is also aware of the limitations set to his power.

In politics as well as in business he held that " a lean compromise was preferable to a fat lawsuit," as the German proverb puts it. It has been mentioned elsewhere in this volume that Ballin was essentially the man of compromise. It is very probable that the experiences of his early life had helped to develop this outstanding feature of his personality. It may be assumed that he, a young man of unknown Jewish family, found his path beset with difficulties in a city-state like Hamburg, where the influence of the wealthy patriciate

of the merchant classes was supreme, and that he was looked upon as an upstart even after he had reached a prominent position himself. The casual observer is far too much inclined to underestimate the conservative character—both politically and socially—of the three Hanseatic cities. Still, evidence is not wanting that Ballin's unusual gifts were occasionally recognized and appreciated even in the days of his early career. An English journalist, for instance, who met him some time about 1895, characterized him by the following words: "He struck me as a great man; otherwise nothing so incongruous as such a type of man at the head of a big steamship line could be imagined." That Field-Marshal Count Waldersee honoured him by his friendship at an early period has been mentioned in a different chapter of this volume. And even in patrician Hamburg he found an immensely powerful friend and patron shortly after he had entered the services of the Packetfahrt. This was no less a man than the shipowner Carl Laeisz, the most eminent representative of the "House of Laeisz."

The firm of F. Laeisz, which was successfully owned by its founder, Ferdinand, his son Carl, and his grandson Carl Ferdinand, has stood sponsor to all the more important shipping companies established in Hamburg, and through its great authority helped them all to get over the critical years of their early youth. The sound principles by which the firm was guided might sometimes lead to much disappointment on the part of the shareholders, but they proved to be of unsurpassable benefit to the companies concerned, and nothing illustrates them better than the oft-told episode of the shareholder who went to see Carl Laeisz, complaining that the Hamburg South American S.S. Company did not pay any dividend. "The object of the company is to carry on the shipping trade, and not to distribute dividends," was the blunt but characteristic reply.

Being thoroughly unconventional in his habits, Carl Laeisz—no less than his singularly gifted son, who was one of those rare men whom it was really impossible to replace—nevertheless did invaluable service in connexion with the establishment of new firms in Hamburg, and with the encouragement of existing ones.

It was a great compliment to Ballin that in 1888, when he had only been associated with the Packetfahrt for a couple of years, and when the directors asked for authority to increase the joint-stock capital of the company from 20 to 25 million marks, Carl Laeisz informed them in advance that, at the general meeting of the shareholders, he would move an increase of 10 instead of 5 millions, and that this motion was unanimously carried. Those who have known Carl Laeisz personally will appreciate what it meant to Ballin when, by way of giving him an introduction to the London firm of Messrs. J. Henry Schröder, Laeisz scribbled the following note on the back of one of Ballin's visiting cards:

"It gives me pleasure to introduce to you the bearer of this card, whom I am proud to name my friend, and to recommend him to your protection and to your unfailing kindness. "Sincerely yours,

"(*Signed*) LAEISZ."

As this card was found among the papers and documents which Ballin left at the time of his death, it would seem that it was not used for its intended purpose, but that he preferred to keep it as a souvenir of the man whom he always remembered with gratitude and affection, and of whose life he could tell a good number of characteristic anecdotes. The telegram of which the text is given below is also highly typical of Carl Laeisz. I have not been able to discover what was the occasion of sending it, but I am inclined to think that it must

be in some manner connected with the conference held in the Berlin Royal Castle, and referred to on an earlier page, at which Ballin first attracted the Kaiser's attention. The text is as follows:

"Persons who give in without a protest are miserable creatures, and being such, they are deserving of nothing but contempt. Suggest that you obstinately stick to Hamburg point of view, not only from personal conviction, but for other weighty reasons as well. Meeting hardly convened simply to induce you to give in."

Although there is scarcely anyone to whom the name of a Hamburg patriot can be applied with greater justice than to Ballin, and although there are few people who have done more to promote the well-being and the prosperity of their native city, and who have had a better appreciation of one of the most lovable features of her inhabitants, viz. their dry, unconventional, and kindly humour, it would be wrong to assume that this local patriotism of Ballin made him blind to the shortcomings and deficiencies of his native city. On the contrary, his eminent sense of the realities of life made him see most clearly the points of weakness in the position of Hamburg, e.g. those connected with the system of her finances. The so-called Köhlbrand agreement, which, after a hard struggle, put an end to the long controversy between Hamburg and Prussia by stipulating that the course of the lower Elbe should be regulated without detriment to the interests of the town of Harburg, imposed such a vast amount of expenditure upon Hamburg, and the Prussian local authorities concerned insisted on securing the payment of such large compensations to the owners whose rights were adversely affected by the improvement of the waterway, that it might well be doubted whether Hamburg could shoulder these enormous burdens.

It speaks volumes for Ballin's unprejudiced mind that he frequently maintained nothing would be of greater benefit to Hamburg than her renunciation of her sovereignty as a city-state in favour of incorporation with Prussia. Prussia, he argued, was her natural hinterland, after all; and if she consented to be thus incorporated, she would be such a precious jewel in the crown of Prussia that she could secure without an effort all the advantages and privileges which Prussia, by pursuing the strictly Prussian line in her politics, now actually prevented her from acquiring. In course of time, however, her present isolation would undermine the foundations of her existence, especially if and when the increasing volume of traffic passing through her port should demand a further expansion of the latter, and, consequently, a further rise in the financial burdens. In that case the unnatural position which resulted from the fact that the "Elbe delta" belonged to two different states, and which had its origin in the political history of the district, would make itself felt with all its drawbacks, and the ultimate sufferer would be the country as a whole of which Hamburg, after all, was the connecting link with the nations beyond the sea.

These are the same arguments and considerations which are used when the modern problem of a "Greater Hamburg" is under discussion, with this difference only, that in Ballin's time the only solution which was regarded as possible was that Hamburg should cast in her lot with her Prussian neighbour.

Ballin repeatedly vented the full force of his sarcasm against the advocates of an "out-and-out Hamburg policy" to whom his own views sounded like heresy, a policy which found perhaps its most comic expression in the speech of a former Hamburg burgomaster who referred to the King of Prussia as "our illustrious ally." Ballin did not recognize the existence of a line of demarca-

tion which, as many lesser minds imagined, separated republican Hamburg from the rest of Germany. In reality there is no such separation; Hamburg, indeed, receives year after year a constant influx of human material and of ideas from her German hinterland, without which she could not exist at all, and in spite of which she has never had a superfluity, but—at times, at least—rather a deficiency of specially gifted citizens. This latter circumstance and the frequent absence of that quality of mental alertness which Bismarck, in speaking of the German character in general, used to designate as the missing "dash of champagne in the blood" once made Ballin say: "I quite see that what this town wants is 10,000 Jews. I do not, by any means, shut my eyes to the disagreeable qualities of the Jewish character, but still, another 10,000 of them would be a decided advantage." This utterance confirms how free from prejudice he was where the Jewish question was concerned. Although not at all orthodox, but rather indifferent in his religious views, he was far too proud to disavow his origin or his religion, or to change the latter. Of someone who had changed his name, he said, in a tone of bitter reproach, that he had insulted his father.

Ballin's relations with the working classes and his attitude towards the Labour question were not such as the Socialist papers were fond of alleging, especially at the time when the Labour controversy was at its height, and when strikes were constantly occurring or threatening. The first big strike affecting Ballin's special sphere of activity was that of the Hamburg dock labourers in 1896. It was caused by wages disputes which the Packetfahrt tried in vain to settle by raising the wages paid to the men. The interests of the employers in the ensuing struggle were not, however, specially represented by the associations of the shipping firms,

but were looked after by the big "Association of Employers of Labour," and therefore the attitude taken up by the employers as a whole was not determined by practical considerations from the point of view of the shipping companies. The Packetfahrt, however, seems to have emphasized the necessity of being guided by such practical considerations, as may be inferred from the fact that the Packetfahrt was the only one among the large firms of employers which advocated from the outset that certain concessions should be granted in respect of the demands put forward by the workmen. Although, as has been remarked, the company succeeded in seeing its recommendation adopted, the strike started on November 18th, 1896. At first it was restricted to the dockers, but the number of the strikers was soon swelled by the adhesion of the quay-labourers and of several other categories of port-labourers and seamen. When this had occurred, and when the Packetfahrt suggested that steps should be taken on the part of the employers with the object of reaching a friendly settlement, these suggestions did not secure a majority in the counsels of the employers, and it was in regard to this that Ballin's notes, under date of December 9th, contain the following entry: "We are continuing our efforts to induce the Employers' Association and the Shipowners' Association to give the strikers a chance of an honourable retreat. What we propose in detail is that the men should be asked to resume work of their own accord in consideration of which the employers would promise to submit their grievances to a *bona fide* examination. All our efforts have failed because of the attitude taken up by the Employers' Association. We can only hope that the Senate will consent to mediate in the conflict." This body, however, was afraid of being accused of prejudice in favour of the employers, and declined to act as mediator. "It is very much

against my wish," Ballin's notes continue, " that our own interests are represented by the Employers' Association," and on December 23rd, he wrote : " Meanwhile, the Senate, in reply to the resolution passed by the men, has asked them to resume work unconditionally against the promise to look into their grievances, and as far as they appeared to be justified, to redress them after a joint conference had been held between the employers and the strikers. This offer of a compromise was rejected by the workmen." The employers were able to get the most urgent work done by substitute labour, and the strike came to an end in the early days of February.

Among the subsequent Labour troubles those of 1907 are of special significance. In that year, after a strike of the dockers and the seamen, all those employers who had occasion to employ any workmen in the port of Hamburg founded an organization somewhat on the lines of a Labour Bureau, called the *Hafenbetriebsverein*. The termination of the strike just referred to was brought about by Ballin's personal influence, and it was he who conducted the prolonged negotiations with the heads of the Labour organization. Later on, in 1911, when the *Hafenbetriebsverein* began to conclude agreements with this organization by which the wages for the various categories of dock labourers were fixed—a policy which did not exactly meet with the full approval of large sections of employers, it was again due to Ballin's influence that these agreements were generally accepted. It is just possible that a certain event, insignificant in itself, may have strengthened Ballin's natural tendency towards a settlement along the lines of a compromise. As has been said before, the year 1907, which, from the business point of view, had been excellent (at least, during the first six months), and during which the above-mentioned strike occurred, was succeeded by a year which brought

exceedingly unsatisfactory. earnings to the company. Ballin did what he had done on a previous occasion, in 1901: he sent a memorandum to all the employees of the firm asking them to cut down expenses to the lowest possible extent, to contribute their share towards a more economical working of every department, and to submit to him any suggestions of their own as to how the necessary retrenchment could be effected. I was instructed to examine the general expenses account with a view to finding out in what way a reduction would be possible, and I drew Ballin's attention to the fact that the considerable sums which had to be spent in 1907 in consequence of the strike would, of course, not appear again in the balance-sheet for 1908, so that this would lead to an automatic reduction of the working expenses. Ballin was surprised to see how large this particular item was, and the whole occurrence proved once more that a lean agreement would have been preferable to a fat lawsuit.

As Ballin was pre-eminently a man whose mind was bent on practical work and on the production of practical results, it is but natural that he was greatly interested in the practical aspects of social politics, and that he applied its principles to the activities in which he was engaged as far as he thought he was justified in doing so. Not in peace times only, but also during the war did he hold these views, and when he was connected with the work of provisioning the civil population, and, later, with that of preparing the economic post-war reconstruction, he was frequently brought into contact with men who occupied prominent positions in the world of Labour.

His capacity for work was enormous and seemed wellnigh inexhaustible. He made a most lavish use of it, especially in the early part of his life, and the personal assistance he required with his work was of the slightest.

His greatest aid, indeed, was his marvellous memory, which almost enabled him to do his work without ever referring to the files of letters and documents. He could always recall to his mind every phase of past events, and every detail of all the ships he had built or purchased, and he was never wavering in the opinion he had formed of anyone who had ever crossed his path, because such opinion was founded on facts.

Very gradually only did his fellow-members on the Board of Directors succeed in persuading him to refrain from putting in an appearance at his office on Sundays, and to do such Sunday work as he wanted to do at home. The telegraph and the telephone always kept him busy, both on weekdays and on Sundays. Even on his travels and on his holidays he wanted to be informed of all that was going on, and he could be very annoyed when any important news had been withheld from him, or when he believed that this had been the case, so that his secretariat, to be on the safe side, had gone rather far in forwarding on his correspondence when he was away from town. When I first entered upon my duties with him he had just returned from a rest cure at Kissingen. He pointed at the huge pile of letters that had been forwarded to him on his so-called holiday, adding, in a tone of bitterness: "You see, every expansion of a business becomes a curse to its leader." Sometimes his absences from Hamburg would amount to as much as eight months per annum, and it was certainly no easy task always to know what to send on and what to hold over until after his return. To do so one had to be well acquainted with all the details of each transaction and to know what was important, especially what was important to him; and if one wished to see his mind at ease it was necessary never to let him think that anything was kept back from him. Any apparent neglect in this respect he was apt to regard

as a personal slight. And yet the time which he had at his disposal for attending to current correspondence, both when at the office and when travelling, was but limited.

The waiting-room outside his private office was nearly always crowded with intending visitors. The callers were carefully sifted, and all those who were strangers and those who had come without having an appointment were passed on to someone else as far as this was possible. Great credit is due to his ever faithful personal attendant at home and on his travels, Carl Fischer, for the perfect tact which he showed in the performance of this difficult task.

In spite of all this sifting, however, the time left for getting through a day's mail was not sufficient. I therefore, shortly after entering the company's services, made it a point to submit to his notice only those letters which I considered of real importance. According to the mood in which he seemed to be I then acquainted him with the contents of as much of the remainder as I thought it wise to do. I believe I gradually succeeded in acquiring a fair amount of skill in reading his mind, and this facility enabled me to avoid more dangerous rocks than one. I tried to proceed along similar hues when he was away from Hamburg, especially when he was taking a holiday. On such occasions I forwarded on to him only the important letters, taking great care, however, that he was not kept out of touch with any matter of real consequence, so that he should never feel that he was left in the dark about anything. After some time I had the satisfaction of being told by him when he returned from a holiday that that had been " his first real holiday since he had joined the Packetfahrt."

Once one had learnt to understand his way of reasoning and his individual traits, it was not difficult to

know how to treat him. If a mistake had been made, or if some oversight had taken place, the most foolish thing would be not to tell him so at once. To act otherwise would mean the immediate and permanent forfeiture of his confidence, whilst an open admission of the mistake would strengthen his faith enormously. He hated to be shut out from the actual practice of the company's business by a Chinese wall of bureaucratic control. Whenever such a wall was in process of erection he quickly and inexorably pulled it down, and he always remained in personal contact with every department and with every prominent member of the staff as far as the size of the huge undertaking enabled him to do so. For this reason he but rarely, and only when the pressure of other business was encroaching too much on him, omitted to receive at his private office the captains who came to make their reports to the directors. He knew, of course, every one of them personally, as he had appointed many of them himself years ago. He was no stranger to their various idiosyncrasies, and he knew all their good qualities. He was also personally acquainted with a great many of those unconventional and often somewhat blunt but always good-natured individuals of humble rank who seem to thrive wherever much shipping is going on. He was not too proud to write an appreciative article on the death of one of them, which, since it reflects high credit on his own generosity and kindness of heart, ought not to be allowed to be forgotten altogether. It was published by the *Hamburger Fremdenblatt*, to the staff of which the subject of his appreciation might, in a sense, be said to have belonged.

KUSKOP.

"It was not until my return from England that I learnt, through reading the *Fremdenblatt*, the news of the

death of Karl Kuskop—news which made me feel very sad indeed. Kuskop ranked high among the few remaining real 'characters' of whom he was a type, and as I was not able to pay my last respects to him I feel a desire to do honour to his memory by a few words of personal recollection, although Dr. Obst has already done so by means of an excellent article of his own. For I believe I owe a few words of farewell to a man of whom I have heard nothing but what was good and generous throughout the better part of thirty years.

"Karl Kuskop was a 'character' in the best sense of the term. He was as harmless as a big child; and although he could scarcely be said to be prominently gifted for his work, he did, indirectly at least, a great deal of good within his humble sphere. His popularity amongst all sorts and conditions of men connected with shipping was tremendous. My personal acquaintance with him dates back to the early trial trips of our steamers and similar occasions—occasions at which Kuskop was present as the 'representative' of the *Fremdenblatt*. I still have a vivid recollection of a magnificent summer evening when we, a party of about eighty people, left the passenger reception halls by our saloon-steamer *Blankensee* on our way to Brunshausen where we intended to go on board one of our new boats which was ready for her trial trip. Kuskop, who was wearing his yachting cap and was armed with a pair of huge binoculars, had taken up a position on deck. He stood out very conspicuously, and a port labourer who was working on board an English steamer as soon as he saw him, raised the cry of '*Fremdenblatt.*' This cry was immediately taken up by the people on the quaysides, on the river-vessels, on the ferry-boats, on the barges, and all other vessels in the neighbourhood, and developed into quite an ovation which was as spontaneous as it was popular. The worthy Kuskop appeared to be visibly gaining in importance; he had taken off his cap, and the tears trickled down his kindly face.

"He well deserved this popularity. For years and years he unfailingly saw to it that the Hamburg steamers, at whatever port of the globe they arrived, found a *Fremdenblatt* waiting for them, thus providing a valuable and much appre-

ciated link between the crews and the old home. I myself have also reaped the benefit of his attentive care. Years ago when I was making a trip round the world I found the *Fremdenblatt* waiting for me wherever I went; and after having been so much out of touch with the civilized world for weeks, that even Kuskop's genius could not discover my whereabouts, I was agreeably surprised to find on arriving at Vancouver all the old copies of the *Fremdenblatt* that had failed to reach me, carefully piled up in one of the sleeping compartments of the saloon carriage which had been placed at my disposal for the railway journey from the Pacific to the Atlantic seaboard.

"At that time I personally experienced the pleasant sensation—of which our captains and the other officers had often spoken to me—which one feels on reading the back copies of old newspapers, calling up, as it does, vivid recollections of home. In company with my wife, and some German officers who were returning from the scene of unrest in China in order to complete their convalescence at home, I greedily devoured the contents of the old papers from beginning to end, thus passing in a delightful way the time taken by travelling the long distance from Vancouver to Montreal. The idea, which was afterwards made use of by Oskar Blumenthal in a witty article, occurred to me to edit a paper which would publish the news of the day a week after it had been reported, and even then only as much of it as had proved to be true. Such a newspaper would save us a great deal of unnecessary worry, as the contents of this 'Periodical for the Dissemination of Truthful News' would be sifted to a minimum.

"But it is time to cut short this digression. When I met my friend Kuskop again after my trip, it was at Stettin on the occasion of a launch. He happened to be in especially high spirits, and even more communicative than usual. He then told me the tale of his friend Senator Petersen, and it is such a good story that it would be a pity not to record it here.

"It had become customary for the ships' captains and the other ships' officers who could boast his friendship to treat poor Kuskop to the wildest canards in return for his

supplying them with reading matter from their far-away home. One afternoon, when they were sitting over a bottle of old port in Hermann Bade's wine restaurant at Stubbenhuk and it was getting late, one of them—he always referred to them as 'them young fools'—told him that a river barge loaded with arsenic had just sprung a leak in the harbour, so that it might become necessary to prohibit the use of water for drinking purposes for some time. It was about five o'clock and Kuskop, according to his own account, did not even stop to finish his glass of port, but hurried to the offices of 'his' paper which, in its next edition, published it as a fact that a quantity of arsenic had vitiated the water of the Elbe. Next morning, when Kuskop was still soundly asleep, two detectives appeared at the house in which he lived, and escorted him to headquarters, where he was locked up. At ten o'clock he was taken up before Mr. Livonius—or whoever was the chief of police at that time—who, with much abuse, demanded particulars concerning the arsenic affair. Kuskop, seeing at once that one of 'them young fools' had been pulling his leg, refused to supply any information whatever. He was then brought before Senator Petersen, who, with a great display of persuasion, tried to make him reveal the name of his informant. Kuskop, however, remained obstinate, and the Senator, changing his methods from persuasion to coercion, had him locked up again. He remained in confinement till five o'clock in the afternoon, and was then taken before Senator Petersen for the second time, who now peremptorily demanded that he should state his informant's name. Kuskop replied: 'Herr Senator, if you were in my position, you would not give him away yourself.' The Senator turned round to the police officials and said: 'Mr. Kuskop is a gentleman, you see. We shall not get anything out of him. The best thing you can do is to chuck him out,' which suggestion was thereupon promptly and most efficiently carried out by some of those who were present.

"Another of his adventures he confided to me when a trial trip had taken us right out into the North Sea. One of 'them young fools,' he said, whom he regularly met at Mutzenbecher's tavern, had told him as the very latest news that Captain Kier had been taken into custody at Rio on the

unfounded allegation of having committed theft. Kuskop, feeling somewhat sceptical on hearing this intelligence, but not believing himself justified in depriving the readers of the *Fremdenblatt* of such a highly interesting item of news, thought he would be extra careful this time, and so did not mention the captain by name, but merely referred to him as 'a Mr. K——, captain of a Hamburg steamer.' This happened in the good old times when there were still real winters in Hamburg, and when the Elbe was sometimes ice-bound for months. The Hamburg steamers were then compelled to take up winter quarters at Glückstadt—of all places—and Kuskop used to establish a 'branch office' at that town on such occasions. As bad luck would have it, he was fated one day to meet Captain Kier there, who, with some of his friends, was dining at his hotel. A huge tureen of soup with an enormous ladle stood on the table in front of the captain, who was just about to serve the soup when Kuskop entered the room. Without a moment's hesitation the captain seized the ladle, the tureen, and everything he could lay his hands on, and hurled them at him. He was, as the latter afterwards confessed to me with the most innocent expression, offended by the newspaper report, because, as it happened, he was the only captain K—— on the route from Hamburg to Rio at that particular time. He subsequently brought an action against Kuskop, who had to retire from his business for some weeks in order to get over the consequences of the mistake he had made.

"These are only two of the minor adventures from Kuskop's ample store of reminiscences. It is a pity that our seafaring men are so reticent; otherwise they would be able to furnish a volume of material concerning Kuskop that would far exceed that relating to Kirchhoff, that other well-known Hamburg 'character.' I wish someone would collect all the Kuskop stories; for I do not believe that we shall ever again come across such a perfect specimen of his kind as he was, and it would be sad to allow such a man to be forgotten.

"Kuskop, however, was not only a 'character': he was also a 'real good sort,' and he has been of real service to all those who have ever travelled on Hamburg vessels. Because

of that it is certain that he will long be remembered; for it is not to him that the following quotation can be applied: 'May each one of us—whether he works with his hands or with his brain to earn a living wage—always bear in mind that all that is best in him is gradually lost in the process of toil, and that, after he has departed this life, nobody will remember that he ever existed.'

"Our friend Kuskop never lost his good qualities in the process of toil, and he was always a friend and a helpmate to all decent people. I am sure in saying this I have the support of all who knew him, and so with us his memory will always be kept green."

Ballin very frequently went to New York—which might be called the most prominent outpost of the company—because he recognized the value of being in constant touch with every aspect of the many activities carried on by the Packetfahrt, and especially with those persons whose interests it was of importance to the company to cultivate. The numerous pool conferences often took him to London, where he always made a point of keeping on friendly terms with the leading British shipping firms, and, later on, with some of the leading politicians as well. There were few people in Germany who could rival him in his knowledge of the psychology of the American or the British mind. This knowledge resulted from his great capacity for rapidly and correctly summing up the character of anyone with whom he had to deal. He had developed to a high degree the art of treating the different types of people he met according to their different individualities. His kindness of heart, his brilliant powers of conversation, his prodigious memory, his quickness of repartee, and his keen sense of humour made him a favourite wherever he cared to be one. One felt his charm as soon as one came into personal contact with him. His wonderfully alert eye, which could express so much kindness, the

soothing tones of his melodious voice, and the firm and friendly grip of his hand, made one forget that he was not a handsome man, although his powerfully developed forehead and his head which, in later years, was almost bald, were of classic perfection.

Albert Ballin would never have gained the commanding position he held if the keenness of his intellect and the force of his character had not been supplemented by that pleasing amiability which distinguishes all really good men. To him was given a large measure of that noble courtesy which springs from the heart. He who could be hard and unyielding where the business interests entrusted to his care were at stake, was full of generosity and sympathy towards the members of his family circle and his friends. Nothing delighted him more than the happiness of others. Those whom he cared for he treated with a tender regard which was deeply touching. He loved to give presents, and did so with the most delicate tact. He never expected any thanks; it was sufficient for him to see the happy face of the recipient. And if he ever met with ingratitude or spitefulness, he ignored it and dismissed it from his mind.

Personally generous to the limit of extravagance, he never spent a penny of the funds of his company without being convinced that it would be to its benefit. He left nothing undone when he thought he could realize a profit to the company, or cut down expenses. Money, to him, was only a means to an end; and the earnings of the company were in the first place intended to be spent on increasing its scope and prosperity wherever possible. Those who know what remuneration the heads of other concerns receive may well be surprised to see how little Ballin made for himself out of his position, but they would do him a great injustice if they thought he ought to have made more out of it. He even spent the greater part of his income for purposes of representa-

tion in the interests of his company. His amiable charm of manner and his brilliant conversational gifts did much towards making the entertainments he provided the successes they invariably were; and even if so much representation, especially that in connexion with Kiel Week, became somewhat of a burden to him, his company reaped rich benefit from his munificence.

But to appreciate to the full the charm of his personality one must have been his guest at his beautiful home in Hamburg or at his beloved country seat near Hamfelde, and have listened to his conversation while sitting round the fire of an evening, or been his companion on his long walks and rambles through the neighbouring Forest of Hahnheide. His conversation was always animated, his witty remarks were always to the point, and he was unsurpassed as a raconteur. He was excellent as a speaker at committee meetings, and he always hit upon the right words suitable for a political toast. The skill with which he wielded the pen is proved by numerous newspaper articles, memoranda, and descriptions of his travels, but above all by his voluminous correspondence. He was probably one of the most versatile letter-writers, and yet so conscientious in this as to be almost pedantic. In his early years he had also tried his hand at poetry. His beautiful home, which was adorned with pictures and sculptures by eminent masters, was a source of great pleasure to him. He was very fond of music and congenial company, and he knew how to appreciate the pleasures of a full and daintily arranged table.

When I intimated to one of Ballin's old friends that I intended to write his Life, he told me that this would not be an easy task, and that he hoped I would not forget to depict Ballin as the amiable *charmeur* to which side of his character so many of his successes were due, and which was the secret of much of his great popularity.

The number of people who claimed to be his friends, both before and after his death, but especially when they were trying to get some advantage out of the company, was surprisingly large. They were, in fact, so numerous that such a claim, when put forward, was generally—and rightly—looked upon with a great deal of suspicion. Very often, when such self-styled friends were announced to him, Ballin would reply: "I do not know the man," or "I do not remember him, but I may have met him." Ballin may justly be described as a man of world-wide fame, and whenever he went abroad the papers eagerly followed his movements. In New York especially it required all his cunning and resourcefulness to escape from the reporters desiring to interview him.

Owing to his prominent position before the public he received an abundance of honours during his life. The many distinctions and presents which the Kaiser bestowed on him were a source of gratitude and delight to him, and he valued them because they were a symbol of the personal ties that linked him to the Kaiser; but the foreign decorations, of which he also received a great many, were of so little interest to him that he did not even trouble to have those of them replaced which once were stolen from him. It was a great disappointment to him, however, not to be able to recover the Japanese ornamental swords which were taken on the same occasion, and which he had always carefully treasured because of their high artistic value. They were a present from the Marquis Ito, whom Ballin had once helped to obtain an audience of the Kaiser—an audience which, he hoped, would lead to the establishment on a permanent footing of Germany's relations with the Empire of the Mikado. It would appear, indeed, that, if the leaders of Germany's political destiny had shown some more circumspection, the same friendly relations might have been brought

about between Germany and Japan as were entered into later on between Great Britain and the latter country. Personal souvenirs, like those just mentioned, were prized so highly by Ballin that no persuasion would induce him to part with them, and even Professor Brinckmann, the Director of the Hamburg Museum for Arts and Crafts, who was one of the leading authorities on the subject of Japanese applied art, and who tried hard to secure possession of them for his museum, met with a flat refusal.

Every year Ballin spent at least six months, and often more, away from Hamburg, and during such absences the work he had to accomplish was not less, but rather more than that which he did when in Hamburg. Conferences followed upon each other in quick succession at all times of the day, and the time that was left was filled up by visits. Often the amount of work was so great that he had to get through a whole series of difficult problems in a single day. The number of visits he had arranged was always considerably augmented by numerous others not allowed for in his arrangements for the day; because wherever he went the news of his arrival spread immediately. He could never even think of travelling incognito. It is literally true that he was known to every hotel porter all over the world. He was in the habit of extending his hospitality twice a day to a larger or smaller number of business friends when he was travelling. At first his love of congenial society had prompted him to do this, but in after years he continued it because he wanted to secure some benefit for his company even in his hours of relaxation. Still, he was often quite glad when, late at night, he had come to the close of his day's work, and when he could let the happenings of the day pass before his mind's eye in the quiet solitude of his room, or, as he liked to express it, " to draw the balance of the day's account."

Even before 1900 the never-tiring energy of his mind and the excessive strain on his nervous system brought about a practically permanent insomnia which never left him either in Hamburg or on his travels. Only when he was on the sea, or was staying at his country house, did he obtain any relief; and at such times he could dispense with the drugs to the use of which he had become a victim more and more regularly and extensively as time went on. The fact that this habit did not entirely ruin his nervous system proves that he was possessed of an iron constitution, which only gave way under the huge strain caused by the war. When he saw that his life's work had been broken to fragments, and when he felt that he had not enough strength left for a second attempt of such magnitude, even his immense nerve force collapsed under the blow.

The anxieties caused by the war—a war which he knew would be lost—weighed more and more heavily on his mind the longer it lasted. Outwardly he bore himself bravely and steadfastly, but his mind was full of dark forebodings, especially when he was by himself. If he had not had the unvarying sympathy of the faithful partner of his life, with whom he shared thirty-five years of mutual happiness, and if he had not always derived fresh consolation from his beloved adopted daughter and from his grandchildren, he would indeed many a time have felt very lonely. In spite of his apprehensions as to the result of the war, he yet remained faithful to the task of his life, and he hoped against hope. His ardent love of his work was constantly struggling with his reason, which foretold him the ruin of the Empire and in consequence that of German shipping.

This fact explains some apparent contradictions in his views and actions. What was the general public to think of a man who was watching the progress of

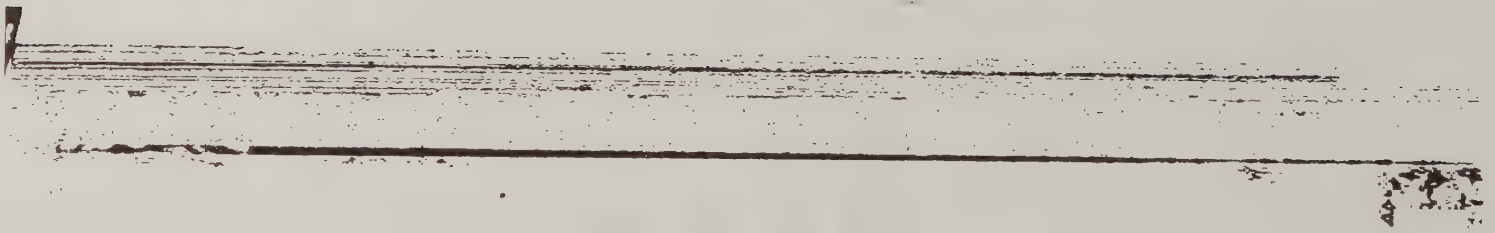
the war with the greatest pessimism, whilst at the same time bringing all his influence to bear on the passing of a law which was to make possible the reconstruction of Germany's merchant fleet, knowing that such reconstruction could only be achieved if the Empire which was to set aside the funds were to remain intact. In this matter, as in others, it was the intuition of the born business-man which guided him, or perhaps a sort of instinct which made him discover new ways when the old ones had failed. These forces of his mind had nothing in common with logical reasoning, and they prevented him from drawing the practical inference from the sentiment so often expressed by us during the war: "If the Empire falls to pieces, we shall all be ruined; and if the Empire becomes bankrupt, we shall be insolvent too." Events have shown that this sentiment was not justified by facts. Empires and individuals may perish; but the nations, and their trade and commerce which are the outcome of their economic needs and of their geographical position, will outlast them.

Neither is it likely that the life-work of those men who have left their mark on their epoch will ever be in vain. There are two great achievements which, it appears, will always stand out like two pillars in the wreck of destruction that has fallen upon Germany, viz. Bismarck's work of political unification, and—a necessary preliminary of it—the powerful economic foundations laid with incessant toil by the great industrial leaders of whom Germany had so many during the era of her prosperity.

Albert Ballin was one of the most gifted among their number, and the world-wide fame of his achievements has outlived his death. When, after five years of isolation from the rest of the world, Germany appeared once more amongst the nations, she did so with the

knowledge that the foundations of the proud structure which Ballin had built up were still unshaken, and this knowledge has proved one of her greatest assets when she entered upon the task of reconstruction.

If German shipping is to flourish again, and if German steamers are now ploughing the oceans once more, credit is due to Albert Ballin. His work it is from which new life is emanating, and it is to be hoped that his spirit will continue to animate German shipping both now and in the future.



INDEX

ADEN, 85
Adler Line, 7
Aehrenthal, Count, 141
Agadir incident, 162
Agents, emigration, work of, 8
Alsace-Lorraine, problem of, 272
America, 12
Amerika, 25, 106, 129
Andersen, Mr., and the Danish Royal Family, 99
Anglo-American Alliance, Ballin's opinion of, 256
Anglo-German rapprochement, 134
  shipping agreement, 18
  understanding, 164, 165
    advantage of, 136
    Ballin as negotiator, 136
    failure of, 133
Anglo-Russian agreement, 137
Antwerp, 81, 82
Aquitania, 113
Asquith, Mr. H. H., 262
  on Lord Haldane's mission, 177
  speech on Navy, 154
Atlantic Conference, 111
Atlantic Transport-Leyland Co., enlargement of, 45
Auguste Victoria, 25, 27, 72, 75, 193, 196
Australia, 12
Austria, need of compromise with Italy, 242
Austria-Hungary, strained relations between, 251
Austro-German *Zollverein*, 251

BADEN-POWELL, General, and the German menace, 138
Bagdad Railway, 189
Baker, B. N., American shipping magnate, 42
  comes to Europe, 44
Baker, B. N., discusses terms of community of interest agreement, 42
Balkan States, and Germany, 251
Ballin, Albert, adopts Lord Pirrie's advice, 44
  advises peace overtures, 245
  after the war problems, 255
  agreement with Harland and Wolff, 122
  American appreciation of, 308
  an English journalist on, 293
  ancestry of, 2
  and Admiral v. Tirpitz, 237
  and Adolph Woermann, 107
  and Anglo-German rapprochement, 134
  and Carl Laeisz, 294
  and Count Tisza, 252
  and Count Waldersee, 194
  and Government subsidies, 60
  and Hamburg-Amerika Linie, 69
  and Hugo Stinnes, 280
  and Mr. Gerard, 246
  and labour questions, 297
  and politics, 131
  and North German Lloyd, 116
  and Princess Marie of Denmark, 99
  and Reichstag, 279
  and submarine warfare, 252, 254
  and the Russo-Japanese War 104
  and Union Line, 19
  and working classes, 297
  and world war, 132
  anxiety as to Roumania, 244
  article in *Frankfurter Zeitung* on blockade, 234
  as Anglo-German negotiator, 136
  as arbitrator, 79
  as general representative of Carr Line, 12

Ballin, Albert, as head of Packetfahrt passenger department, 18, 21
at Constitutional Club, 140
at Neues Palais, 204
at the German front, 266
attempts at mediation during war, 233
boldness of, 289
business principle of, 132
capacity for work of, 300
chairman of Pool Conference, 36
complains of German official high-handedness, 232
conducts London emigration discussions, 1898, 38
death of, 286
defends himself, 235
dines with Danish Royal Family, 100
disagrees with use of submarines, 229
discusses Morgan Trust with William II, 53
early biographical details of, 6
education of, 3, 4
establishes German - Japanese Bank, 204
estimates British naval staying-power, 253
Far East investigations, 84
favours peace by compromise, 236
forcing the British Lines, 36
friendliness of William II toward, 206
further reports on Morgan Trust negotiations, 49–50
grave warning in 1918, 279
Hamfelde, his country home, 310
handling of labour troubles, 298–9
his father's death, 5
his life-work, 115
his 1901 trip epitomized, 95
his observation of details, 123
his view on evading war, July 27, 1914, 216
ideal in forming Pool, 66
impressions of Paris after Morocco affair, 181
in London discussing Austrian ultimatum, 215
in Vienna, 1916, 249
Ballin, Albert, intense patriotism of, 291
international services of, vii
interview with Bethmann-Hollweg, 152
interview with Grey, Haldane, and Churchill, 215
last diary entry, 286
last meeting with William II, 209, 280
letter from William II, 175
letter to Kiderlen-Wächter, 163
letters to General v. Falkenhayn, 244
made Packetfahrt Director, 27
meets Sir Ernest Cassel, 138
mental versatility of, 2
mission to Vienna, 1915, 242
negotiations with Booth Line on Brazilian trade, 83
notes of conversations with William II, 203
official thanks to, 141
on Agadir incident, 163
on *Blucher*, 60
on death of Edward VII, 160
on engineering problems, 121
on foreign exchange, 274
on *Hohenzollern*, 202
on London in election time, 158
on naval armaments, 147
on neutrals, 245
on peace problems, 239
on sale of confiscated fleet, 230
on Sandjak Railway, 142
on security of William II, 241
on Serbian situation, 214
on war's failures, 258 *et seq.*
opinion of German Chancellor, 259
opinion of war's duration, 237
personal characteristics of, 287
pioneer in steerage business, 11
policy of, 79
political views, 291
premier position at twenty-nine, 19
present from Marquis Ito, 311
prodigious memory of, 4
report on British attitude to Germany, 161
report on development of German shipping, 47
reticence of, 3

Ballin, Albert, reviews war position in 1916, 258
ridicules submarine warfare, 268–9
stimulating influences of his life, 2
strain of war on health, 313
sturdy honesty of, 309
suggested as negotiator of peace, 286
suggests Pool, 24
talks with Prince Bülow, 271
talks with William II on submarine war, 248
threatens British traffic, 22
trip round the world, 83
value of wonderful memory, 35
views on character of William II, 285
visits London in 1914, 184
war problems of foreign policy, 241
William II discusses politics with, 203
William II writes to, on Navy Bill, 183
William II's personal interest in, 198
wire from Leopold de Rothschild, 163
with Prince Henry of Prussia on the *Hohenzollern*, 57
with William II at Front, 266
with William II in Italy, 204
with William II on *Kaiser Wilhelm II*, 55
work in *Reichseinkauf*, 224
writes frank letter on war to William II, 1916, 252 *et seq.*
writes on Morgan Trust, 46
writes to William II, April, 1917, 264
Bauer, Lieut.-Col., 280
Beck, Edward, 27
Berg, Herr von, 282
Berliner Tageblatt on Anglo-Russian naval agreement, 213
Bernstorff, Count, 264
Bethmann-Hollweg, von, 151, 152, 156, 262, 270, 277
attacked respecting Agadir, 162
on British delegation, 166–7
telegram to Mexico, 271
Bismarck, launch of, 202
Bismarck, Prince, 114
Blockade, German, futility of, 267
Blohm and Voss, 113
Blücher, Ballin on trial trip, 60
Boer War, European move to stop, 143
lesson of, 139
Bohlen, Krupp v., 282
Bolten, August, 10
British argument against German naval expansion, 133
Cabinet and German naval expansion, 182
confiscation of German merchant fleet, 229
convoys, how they outwitted the Germans, 267
emigration, comparison with German, 15
excitement over Morgan Trust, 60
feeling in Russo-Japanese war, at German attitude, 104
Ludendorff's promise to crush, 266
Navy, Ballin on, 239
opinion on shipping deals, 67
rivalry with Germany, 133
shipbuilding, developments in, and Hamburg-Amerika Linie, 128, 208
shipbuilding, German move against, 17
shipping companies, Pierpont Morgan and, 55
shipping lines, and emigration, 7–14; agreement with, 23; join the Continental Pool, 23; offered to German companies, 67
supremacy, Ballin on, 241
Bülow, Prince, 141, 247, 270

Canadian Pacific Railway, 62, 111
Cargo and steerage shipping, 13
Carr, Edward, 12
Carr Line, the, 12 *et seq.*
and Packetfahrt, 12
Cassel, Sir Ernest, 134
and Winston Churchill, 165
meets Ballin, 138
on Anglo-German understanding, 165

Cassel, Sir Ernest, on naval problem, 179
on Sandjak Railway, 142
report of interview with, on Navy, 171
work for reduction of naval armaments, 134 *et seq.*
Cholera, epidemic at Hamburg, 36, 72
Christiansand, port of, 21
Churchill, Mr. Winston, 166
at Kiel, 1914, 192
complains of Germany, 180
Sir Ernest Cassel on, 165
speech on Navy, 175
suggests a naval holiday, 186
Colombo, 86
Columbia, 77, 201
Community of interest agreement (*see* "Pool" and "Morgan Trust")
Congo, Franco-German agreement, 162
Coolies, Chinese, 89
Cunard Line, and Austrian Government, 65
and Hungarian Government, 63
effect on Pool, 65
introduces turbines, 111
new liners, 113
opposition to cabin Pool, 61
refuses to join Pool, 37
Cuxhaven, development of, 69
regatta at, 205

Daily Telegraph, sent to William II, 270
the William II interview, 144
Dardanelles, the, operations in, 245
de Freitas and Co., A. C., 79
de Freitas Line, purchase of, 86
Denmark, emigration from, 13
Royal Family of, their interest in shipping, 99
Deutschland, 25, 78, 130
Diesel engine, application to steamship, 102
Dreadnoughts, 200

Eastern Asiatic Co., 98
Edward VII, 134
and Morgan Trust, 61
Edward VII, chances of Anglo German war, during reign of 139
death of, 158
policy of, 135
the Kiel week, 206
visit to Wilhelmshöhe, 136
visits Berlin, 145
visits Kaiser at Friedrichshof 142
Elbe, enlargement of harbour facilities on the, 69, 70, 79
Ellerman, Mr., of Leyland Line, 45
Emden, rise of, 83
Emigrants, early accommodatio of, 7, 8, 14
Emigration, anti-British action 17
Ballin's work for, 9
beginnings of pooling, 12
British and German, 15
British rates, 22
business, how controlled, 8
comparisons of Carr Line an Packetfahrt, 15
cost of, 12
Danish, 13
Hungarian, 63
in the 'seventies, 8
medical control established, 7
on pre-paid basis, 9 *et seq.*
rate war begins, 14
statistics of, 103
stopped by Hamburg choler epidemic, 36
Emigration Law, German, 23
Erzberger, Herr, 244
Esher, Lord, and the Admiralty 138
Europe, concerted inquiry to Germany, 140
situation in September, 1916, 26

Falkenhayn, General v., Ball and, 244
Finland, 278
Forced draught, first vessels under 26
Foreign exchange, Ballin on, 273
Francis Joseph, Emperor, 250
and Count Tisza, 250
Frederick the Great on experience viii

Frisch, Geheimrat, 223
Furness, Sir Christopher, and Morgan Trust, 61
Fürst Bismarck, 193
Fürstenkonzern, 110

GEORGE V, King, Ballin's letter respecting, 160
George, Mr. Lloyd, speech on Agadir incident, 162
visits Germany, 143
Gerard, Mr., and Ballin, 246
German-British shipping agreement, 18
German emigration fleet, in 1882, 10
German Government, note to British Government, 170
German Naval Bill, 137
German Navy, the 1908 affair, 138
Germany, and Belgian Relief Committee, 231
and the Merchant Service Bill, 228
bad feeling among neutrals to, 245
Ballin cries "everything is being gambled away," 257
Ballin discusses after-the-war problems, 255
big naval programme, 143
British agitation against, 137
confiscation of merchant fleet, 229
control of trade and industries, 274
failure of political leaders, 264
favourable shipping situation of, 80
feeling towards British, 143
food problem, September, 1918, 284
habit of premature actions, 273
ignorance of British character, 260
internal condition in August, 1914, 223 *et seq.*
lack of effective administration during war, 233
mental attitude of, 134
plans to approach President Wilson, 283
Germany, state in 1916 "like living in a madhouse," 257
useless sacrifices of, 229
war condition of, 257
war-hopes in ruins, 269
Germany's industrial growth, 7
Gigantic, 113
Goschen, Sir Ernest, 153
Gothenburg, port of, 21
Grey, Sir Edward, 262
on Lord Haldane's mission, 177
on naval armaments, 157
on the Navy, 138
Great War (*see* World War)
Grumme, Capt. v., joins Hamburg-Amerika Linie, 199
with William II at Morgan Trust discussion, 53.

HAGUE Conference, 137
Hahn, Dr. Diederich, Chairman Agrarian League, 59
Haldane, Lord, 171
and British neutrality, 190
Cabinet's attitude toward, 184
explains to Ballin, 191
German opinion respecting, 187
success of his mission, 177
visits Berlin, 134, 167
William II's discussions with, 174 *et seq.*
Hamburg, absorption into Prussia, 296
birthplace of Ballin, 1
cholera epidemic in, 36, 72
dock strike, 299
in the nineteenth century, 1–6
Hamburg-Amerika Linie, and Great Britain, 207
and Persia, 107
and Russo-Japanese war, 105
buys foodstuffs for isolated Germany, 223
far-reaching alterations, 98
fate of ships when war broke out, 220
financial stability of, 116
fleet of, 116
instructions to ships on eve of war, 220
new premises, 202
sixtieth anniversary, 117
William II and, 195

Hamburg-Amerika Linie (*see also* Packetfahrt)
Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft, 7
Hamburg Regattas, William II at, 201
Hamburg-South American S.S. Co., 79
Hammann, Geheimrat, 138, 141
Hammonia, 24
Hansa Line, 69
  taken over by Hamburg-Amerika Linie, 70
Hansemann, v., director Disconto Gesellschaft, 55
Hansen, President, Chief of Arbitration Court Pool, 35
Harbou, Major v., 282
Harland and Wolff, 112, 121
Henckell - Donnersmarck, Prince, Kaiser's interest in, 47
Hintze, Herr v., 283
Hohenzollern, 194
Holland-America Line, 7
Holland, Queen of, offers mediation, 283
Holtzendorff, Admiral v., 246
Hongkong, 88
Huldermann, Bernhard, and Count Witte on averting war, 217
  and Navy Bill, 170

Immco Lines, Pool name for Morgan Trust, 65
Immigrants, Scandinavian trade, 36
Imperator, 31, 113, 125, 126
International Mercantile Marine Company (*see* Morgan Trust)
Inverclyde, Lord, and Morgan Trust, 64
Italia Company, the, started, 79
Italy, agreement with, necessary to success of war, 241
  Germany's failure in, 242

Jagow, Herr v., 213, 214
Jewish ancestry of Ballin, 2
Jones, Sir A., and the Morgan Trust, 6
Jonquières, Herr v., 231

Kaiser Wilhelm der Grösse, 77
Kaiser Wilhelm II, 205
Kaiserin, 113
Kaiserin Auguste Victoria, 25, 106 129
Kaiserin, the, and the war, 211
  opposition to private life, 285
Kiautschou, 97
Kiel Canal, widening the, 200
  Edward VII at, 206
  Week, origin of, 201
Kirchheim, Chief Inspector Emil F. viii
Köhlbrand agreement the, 295
Kühlmann, Herr v., 189
Kunhardt, M., 27
Kuskop, Karl, 303

Laeisz, Carl, 293
Laeisz, F., 293
Laird's, orders to, 26
Law, German Emigration, of 1887 23
Leuthold, Prof., 199
Leyland Line, acquired by Pierpont Morgan, 48
Liberal Cabinet, and naval armaments, 149
Liberal Government, and Anglo German understanding, 136
Lichnowsky, Prince, 188
  view on Haldane's "neutrality" conversation, 191
Liners, developments in, 125 *et seq*
Lohmann, Mr., 10
  Director-General of Lloyd Line 32
Ludendorff, and the Crown Prince 280
  and "to her knees" promise, 26
Lusitania, 62, 113

Marie, Princess, of Denmark, 99
Marine engineering, Ballin's enterprise in, 122
  development of, 119
  Packetfahrt types, 125
  progress in, 127
Marschall, Bieberstein v., 188
Mauretania, 62, 113
Mediterranean Conference, 111
Meteor, 197

etternich, Count, at St. James's, 212
on Anglo-German understanding, 187
predicts Great War, 188
sees Sir Edward Grey, 178
Morgan, Pierpont, guest of William II at Kiel, 61
Morgan, Trust, the, 40 *et seq.*
agreement reached, 52
announced to British Press, 59
effect of freight slump, 61
final discussions in New York, 55 *et seq.*
financial aspect, 45
inception of, 45
International Mercantile Marine Co., formal name of, 65
King Edward VII and, 61
outline of draft agreement, 51
Pierpont Morgan at London Conference, 49
Pierpont Morgan's operations attract public attention, 46
telegram from William II, 56
terms of agreement, 58
William II discusses, 53
Morris and Co., 1 *et seq.*
Mutius, Herr v., 247

NANKING, 92
Naumann, Dr., and "Berlin to Bagdad," 276
Nautikus, naval propaganda in, 200
Naval armaments, a cause of unrest, 133
Ballin's report on, 146 *et seq.*
big navy propaganda, 133
Reichstag and reduction of, 145
Naval Bill of 1912, 155
Ballin writes to Sir Ernest Cassel on, 168
British alarm at, 166
Naval holiday, Mr. Churchill suggests a, 186
Navy, a bigger British, 171
Navy League, German, 137
New York, 49
New York, emigration to in the 'eighties, 7 *et seq.*
steerage passengers to, statistics, 29
Normannia, 77
North Atlantic Steamship Lines Association, history of, 32
North German Gazette, 157
North German Lloyd, 7, 98, 106, 111
competes with Packetfahrt, 10
jubilee of, 117

OERTZEN, Herr v., 91
Olympic, 113

PACKETFAHRT, the, a founder of, 10
agreement with Philadelphia Shipping Co. and Pennsylvania Railroad Co., 77
and Ballin, 289
and Carr Line, 12
and emigrants, 10
and Harland and Wolff, 121
and Russian coal, 104
and the Russo-Japanese War, 103
Ballin made director of, 27
celebration of jubilee, 74
1886 Pool, 21
extension of South American business, 80
improved appointments and accommodation on vessels, 26
increase of capital, 26
letter from chairman of Cunard Company, 75
more new vessels built, 25, 74
New York branch established, 27
passenger department created, 19
service to Mexico, 83
statistics (1886), 19
(*see also* Hamburg - Amerika Linie)
Panther, William II and, 210
Paris Economic Conference, 276
Passenger traffic, improvements in, 41
Peace negotiations, Ballin and, 286
Peters, Heinrich, central offices of, 34
secretary of Pool, 31
Philadelphia, 49
Pirrie, Lord, 121
advises Ballin, 44
discusses Morgan Trust, 63

Pleasure cruises, inception of, 70 *et seq.*
Pool accommodation discussions (1898), 38
actuarial basis of, 34
agreement on (1891), 24
agreement with Allan Line, 74
agreement with Italian Lines, 74
agreement with Lloyd Line, 74
Ballin's opinions upon, 115
British Lines refuse (1892), 33
cardinal principles of, 30
Cunard Line refuses to join, 37
details of the, 28
Heinrich Peters, secretary of, 31
its most dramatic episode, 67
more internal troubles, 115
negotiations for a greater, 35
North Atlantic Steamship Lines Association, formal name of, 33
proposed by Ballin, 1886, 24
special, for Mediterranean business, 34
terms definitely made, 33
the General, 111
the transatlantic, 110
tonnage and passenger statistics, 29
U.S.A. Railway pool compared, 28
world war's effect upon, 111
Port Said, 85
Pretoria, 201
Princes' Trust, 110
Prinzessin Victoria Luise, 130
Prussia, Prince Henry of, 57

RATE war, the, 14, 110
Red Star Line, 7
Reichseinkauf, the, formation of, 223
Reuchlin, Mr., of Holland-American Line, 32
Richardson, Spence and Co., 9
Riga, fall of, 272
Roumania, anxiety regarding food from, 251
neutrality of, 244
supplies grain during war to Germany, 227
Rupprecht of Bavaria, Prince, 137
Russia, army of, 139
Russian East Asiatic S.S. Co., 101
Russian Press, outburst against Sandjak Railway, 141
Russian Volunteer Fleet, 111
Russo-Japanese War, 102
coaling problems for Russian fleet, 105
ships for, 25

St. Louis, 49
St. Paul, 49
Sandjak Railway, 141
Scandia Line, 21
Scandinavian emigration, 21
Schön, Herr v., 141
Schratt, Frau Kathi, 250
pro-English sympathies of, 252
Schwander, Dr., 272
Shanghai, 90
Shaughnessy, Lord, 62
Shipping agreement on rates, 17
agreements, enormous range of, 111
British tonnage in 1901, 49
crisis of 1907, 111
Imperial Government's interest in, 55
some tonnage comparisons, 49
statistics (1881–1885), 29
transatlantic business, trend of, 67
Ships, speed of, in 1882, 10
Singapore, 87
Skoda, Baron, 251
Sloman and Co., R. M., 18
South African War, 79
South America, development of, 82
Southampton, Packetfahrt service transferred to, 73
Spanish - American War, ships for, 25
Steinhöft, Hamburg, 1
Stettin, Vulkan Yard, 78, 113
orders to, 26
Stinnes, Hugo, 280
Storm, Director A., viii
Strasser, Mr., of the Red Star Line, 32
Stürgkh, Count, 243
Francis Joseph and, 250
Submarine warfare, 248, 252, 258
amazing achievements, 268
unrestricted, beginning of, 263

THINGVALLA Line, 21
Times, The, on German neutrality, 104
Tirpitz, Admiral v., 151, 152, 199
  and Ballin, 237
  threatens resignation, 246
Tisza, Count, 243
  and Count Sturgkh, 250
Titanic, 113
Tokio, 93
Trans-Andine Railway, completion of, 82
Tsingtau, 92, 97
Tweedmouth, Lord, and the Kaiser, 137

UKRAINE, the, 278
U.S.A., application of Monroe doctrine in, 82
  cholera and isolation in, 73
  devastating effects of entry into war, 255
  economic depression of the 'eighties, 9
  enters the war, 269
  German fears of intervention, 252
  immigration from Scandinavia, 21
  Railway Pool, 29
  railways and shipping co-operation, 44

Vaterland, 113
Versailles treaty, German view of, 208
Vienna, conditions in, 249
Vulkan Yard, Stettin, 26, 78, 113

WALDERSEE, General Count Georg, and Ballin, 194
  on rationing Germany, 221
Westminster Gazette (article in facsimile at end), 163, 235
White Star Line, and Pierpont Morgan, 55
  new liners, 113
Wiegand, Dr. Heinrich, 119
  and Morgan Trust, 54
Wilding, Mr., Ballin's friendship for, 9
William II, and "a place in the sun," 202
  and British Navy, British feeling aroused, 137
  and *Daily Telegraph* interview, 143
  and Nicholas, suggested talk to avert war, 220
  and President Wilson's note, 285
  and the *Bismarck*, 114
  at Hamburg, 193
  Ballin explains situation in September, 1918, 209
  Ballin reports to, on navy problem, 138
  Ballin tells him the ugly truth in 1917, 267
  blind to situation, September, 1918, 283
  "brimful of optimism," 272
  comments on *Westminster Gazette* article, 163
  designs excursion steamer, 196
  discusses Morgan Trust with Ballin, 53
  discusses Morocco question, 205
  facsimile comments on *Westminster Gazette* article (*see* end of book)
  interest in German shipbuilding, 196
  interest in Morgan Trust, 197
  intervenes in shipping struggle, 106
  isolation of, 255
  last meeting with Ballin, 280
  letter on British Navy, 137
  maritime interests of, 201
  monarchical discussions, Ballin and, 285
  on balance of power, 165
  on Germany's Austro-Hungarian policy, 189
  on the Churchill speech, 183
  outspoken letter in 1916 from Ballin, 252 *et seq.*
  personal interest in Ballin, 198
  persuaded to retire into private life, 285
  sees Edward VII at Friedrichshof, 142
  supports Ballin's mission of inquiry to U.S.A., 54
  telegram to Morgan Trust, 56

William II, venerated in Austria, 251
visits Windsor, 136
wants apology from Great Britain, 183
writes to Ballin on Haldane interview, 175
Wilson, President, 263
Witt, Mr. Johannes, 27
Witte, Count, on situation July, 1914, 217
Woermann, Adolph, 107
character sketch of, 108
World war, the, 213
Ballin attempts mediation, 233
Ballin describes 1917 situation to William II, 265
Ballin favours a compromise, 236
Ballin on neutrals, 245
Ballin on the blockade, 234
Ballin on the crisis, 215
Bismarck's prophecy regarding, 133
British censorship in, 225
coal problems during, 102
Count Witte on situation, July 24th, 1914, 217
defection of German conscripts, 281
effect on Pool, 111
World war, the, entry of U.S.A., effect of, 253 *et seq.*
food problems of Germany, 222
forced upon William II, 285
foreign policy and food during, 241
German mistakes in, 258–9
Germany stunned by *débâcle*, 236
grain from Roumania, 227
indemnities, 261
Mexico telegram, 271
outbreak of, 132
peace overtures, 245
position in 1916, 258
provisioning Germany, 221
shipping profits during, 65
submarine warfare in, 229
the British blockade, 224
Tyrol, failure in the, 259
Verdun and Italian campaigns, political and military failures, 258
World's shipping collapse, cause of, 229

YANG-TSE-KIANG, the, 91, 96

ZENTRAL-EINKAUFS-GESELLSCHAFT, 226 *et seq.*

PRINTED IN ENGLAND BY CASSELL & COMPANY, LIMITED, LONDON, E C.4.
F 17.622

CPSIA information can be obtained
at www.ICGtesting.com
Printed in the USA
BVHW01*0030281117
501330BV00011B/270/P

www.forgottenbooks.com

Mythology • Photography
Fiction • Fishing • Christianity
Art • Cooking • Essays • Buddhism
Freemasonry • Medicine • Biology
Music • Ancient Egypt
Evolution • Carpentry • Physics
Dance • Geology • Mathematics
Fitness • Shakespeare • Folklore
Yoga • Marketing • Confidence
Immortality • Biographies
Poetry • Psychology
Witchcraft • Electronics
Chemistry • History • Law
Accounting • Philosophy
Anthropology • Alchemy • Drama
Quantum Mechanics • Atheism
Sexual Health • Ancient History
Entrepreneurship • Languages
Sport • Paleontology • Needlework
Islam • Metaphysics • Investment
Archaeology • Parenting • Statistics
Criminology • Motivational

www.forgottenbooks.com

896-BAA-400

9 780266 821311